

Chance for Laker in Pacific as Japan air talks begin

By Charles Smith in Tokyo

THE UK and Japan open four days of talks on civil aviation tomorrow against a background of acute tension between the two countries on bilateral trade issues.

In the talks Britain will ask Japan to agree to lower fares on the London-Tokyo route and to give its blessing to the start of transpacific flights by Laker Airways of the UK and Cathay Pacific of Hong Kong.

Japan is believed to be prepared to discuss the lowering of air fares—although not to the levels proposed by the UK.

So far as the Cathay and Laker transpacific flights are concerned discussion will centre on capacity—the number of flights and the type of aircraft to be used. The existing UK-Japan air agreement already allows British airlines to fly the Pacific from Tokyo (although no British airlines has flown the route for the past 10 years).

The UK-Japan talks are the first full discussion to be held between the two sides since 1977, although preliminary

meetings were held in London last autumn.

Relations between the UK and Japan have been generally smooth in the aviation field, but Japan is said to be unhappy both at Britain's desire to introduce low fares into the Pacific region and at what it regards as unfair diversion of traffic away from the direct Tokyo-London route by cheap Hong Kong-London fares.

Japan claims that about 10 per cent of the roughly 200,000 passengers per year who would normally fly between Tokyo and London have been making the trip via Hong Kong since Britain introduced low fares (and a doubling of capacity) on the Hong Kong route in July 1980. The UK response appears to be that the way to deal with this situation is to introduce more attractive fares on the direct Tokyo-London route. Apex fares—low fares for passengers who make advance bookings within a stipulated period—are expected to be proposed by the British side in this context.

W. German tyre maker gets Japan foothold

By Kevin Done in Frankfurt

CONTINENTAL, the leading West German tyre producer, has gained a foothold in the Japanese original equipment tyre market with an order to supply tyres to Isuzu, the Japanese automobile group in which General Motors of the U.S. has a large minority stake.

The tyres, which will be imported by Yanase, the Japanese importer which also handles sales of Volkswagen and Daimler-Benz cars in Japan, will be used by Isuzu for its prestige Plaza model.

The order, worth around DM 700,000 (£162,000) involves tyres for some 2,500 cars. The contract, while small, is a further indication of Continental's continuing efforts to break into the Japanese market.

Late last year the company announced it had signed a preliminary agreement with the Toyo Rubber Industry Company in Osaka, which is expected to lead to the Japanese group acquiring Continental technology. It will manufacture tyres for the German group for marketing under the Continental name.

To date Continental has achieved only minimal sales in the Japanese market amounting to around 100,000 tyres a year for the replacement market. Continental has annual sales of around 19m car tyres and 2.5m truck and other tyres.

Japanese tyre makers have also made little impression on the European car tyre market, holding less than 1 per cent of the West German car tyre market and around 10 per cent of the truck tyre market.

Mark Webster on efforts to develop tourism within Africa

Hoteliers see high growth potential

EVERY WEEKEND, dozens of people make their way laboriously through the border posts from Nigeria or Ghana to spend their time quietly in the five-star Beach Hotel of Sarakawa, Lome-Togo.

Even though the journey from Lagos, the Nigerian capital, involves two herders and can take five or six hours, expatriates and Africans alike feel it worthwhile in order to spend some time in the relative peace and quiet of Togo.

Inter-African tourism is a relatively new phenomenon in west Africa, but it is catching on fast. As a result, the Paris-based PLM Hotel group will start the first inter-African charters this year to try to boost it further.

"We are sure it is a market with immense potential," said M Guy Catharine, the commercial director for PLM in west Africa. "We want to make it easier for someone on the coast to discover the Sahelian countries and for those far from the water to have a few days by the sea."

To begin with, PLM will use an aircraft of the Ivory Coast's internal airline, Air Ivreire,

which will run between the Nigerian capital, Niamey, and Abidjan, the capital of the Ivory Coast.

Using small aircraft with between 18 to 85 seats, the hotel group hopes to persuade people to use the series of five small bush hotels which have been built in Ivory Coast, Niger, Benin, Togo and Upper Volta by the respective governments.

The small hotels are more or less isolated and some are set in game parks. Although the game is not as abundant as in east Africa, PLM believes that the relatively unspoiled nature of the West African parks will

still prove attractive to many visitors.

"There is no question in this venture of trying to compete with East Africa," said M Catharine, who lived for a number of years in Nairobi. "We are trying to get something really new off the ground."

One of the problems the tourist is bound to encounter is the effects of progressive poaching of animals through the game parks. In Upper Volta the situation has become so bad that in four or five years there will be practically no wild life left, according to one expert. "In Upper Volta alone they are esti-

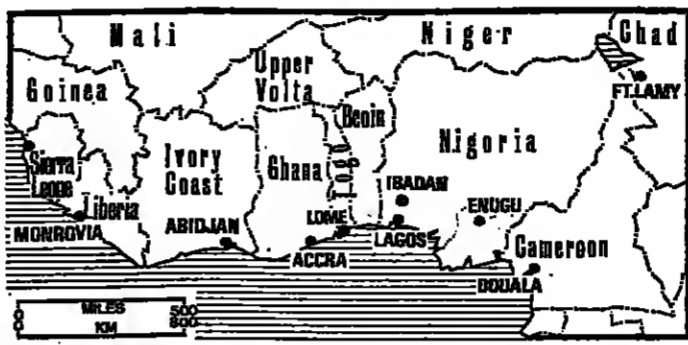
mated to be killing more than 1,000 animals a year. Here in Benin the Government caught 20 poachers last year."

The poachers kill indiscriminately and leopards and antelopes are rapidly disappearing from the West African scene. Calls for urgent Government action to curb the smugglers' activities have so far gone unanswered.

"Even so, we are convinced that with the wide variety of animals which remain we can attract many people from the cities," said M Catharine.

PLM has 13 hotels throughout the five countries of the Cote d'Ivoire—a friendly political grouping within Francophone West Africa. There are plans to expand in the Congolese capital of Brazzaville, as well as in Senegal and Cameroon.

In order to encourage people to move about more easily and to avoid the long hours of delay at the frontiers, the Togolese head of state, President Gnassingbe Eyadema, is trying to encourage the use of a common passport. In the meantime, travellers will have to remain patient.



Italy predicts resurgence in foreign visits

By James Buxton in Rome

ITALIAN TRAVEL agents are predicting this year will be better than 1981 for tourism in Italy. Despite the continuing recession in Italy and in Europe, tour bookings and other signs indicate improvement.

After considerable gloom about a 15 to 20 per cent fall in the number of foreign tourist arrivals through last July, official figures for the first nine months of 1981 show a smaller drop of 8.8 per cent in

foreign visitors, compared with the same period of 1980.

Arrivals by foreigners during that period totalled 14.5m. The number of bed-nights by foreigners fell 10.3 per cent to 84.7m. But the gap was almost completely made up by increased numbers of Italians visiting their own country: the total number of tourist arrivals fell only 1.1 per cent to 42.9m, and bed-nights by 1.7 per cent to 292m.

The figures show that the drop in foreign tourists was less

sharp in the June-September peak months, suggesting that the earlier gloom was partly due to the poor winter season (affected by lack of snow in the Alps) and slow arrivals in the spring. West Germans are normally the most numerous visitors, followed by Swiss and French.

Italy had a net payments surplus of L5,395bn (£2,34bn) on tourist spending for the first nine months of the year, compared with the 1980 equivalent figure of L4,336bn (an improve-

ment of 24 per cent). The positive tourist spending balance went a long way to offset the payments deficit on trade for the same period of L5,302bn.

The drop in tourist arrivals from abroad is attributed to a range of factors including the recession, the fact that Italy is more expensive than some other Mediterranean destinations such as Greece, Yugoslavia and Spain, and that Italy's tourist industry is less well-endowed than that of some other countries with large hotels and cheap inclusive tours.

World Economic Indicators

FOREIGN EXCHANGE RESERVES (U.S.\$m)				
	Nov. '81	Oct. '81	Sept. '81	Nov. '80
U.S.	10,732	10,411	10,050	8,735
U.K.	13,117	12,799	12,919	19,560
W. Germany	40,387	40,166	43,075	43,775
France	19,518	19,464	19,649	26,595
Italy	17,020	17,291	17,489	21,424
Japan	25,035	24,775	24,342	21,257
Netherlands	7,961	7,591	7,192	10,180
Belgium	4,999	3,932	3,990	6,761

Source: IMF

Yorkshire Bank Base Rate

With effect from 25th January 1982

Base Rate will be changed from 14 1/2% to 14% p.a.

Yorkshire Bank
Reg. Office: 20 Merrion Way
Leeds LS2 8NZ

Midland Bank Interest Rates

Effective from 25th January 1982

Base Rate
Reduces by 1/2% to 14% per annum.

Deposit Accounts
Interest paid quarterly on 7 day deposit accounts reduces by 3/4% to 11 1/2% p.a. APR 12.0%.

Abatement Allowance
On ledger credit balances of current accounts which are subject to the standard personal current account tariff and do not qualify for free terms reduces by 1/2% to 7 1/4% p.a.

Midland Bank
Midland Bank Limited

Soviet order for Hoechst

By Our Frankfurt Staff

UHDE, the West German process plant engineering subsidiary of Hoechst, has won a DM 600m (£140m) contract to build a polyester filament plant in the Soviet Union.

The order was signed last week with the Soviet foreign trade organisation, Technoimport in Moscow, and was won against Japanese and European competition.

The plant will be located in Mogilev, 500 km to the west of Moscow, and will be the fifth major polyester plant built by Uhde in the USSR. It is expected to come on stream in 1985.

The plant will be paid for partly through compensation trade, but not with products coming directly from the polyester plant. Under the terms of the contract production from the plant cannot be sold into western markets.

Uhde has already built three polyester plants in Mogilev. A year ago Uhde won a DM 400m order for a 24,000 tonnes a year polyester filament plant to be built at Svetlogorsk to the south of Minsk.

Cold weather hinders U.S. coal shipments

By Our Shipping Correspondent

SHIPPING markets remained confused last week, with no end to the tonnage surplus in the tanker sector in sight and cold U.S. weather hindering coal shipments from East Coast ports.

On the iron ore front, talks between producing countries and the buyers yielded no agreement on price and a further round of talks will be held early next month, Galbraith Wrightson said.

Thus there is likely to be little iron ore shipping activity in February as lack of demand for steel during the recession leads mills to resist producer demand for price rises of up to 30 per cent.

Bad weather has affected coal shipping along the upper reaches of the Mississippi, while the movement of coal in and out of the Eastern seaboard in the U.S. has been halted by coal stocks and railway points freezing up.

This has caused problems for the Japanese whose coal imports from Australia are already being hampered by labour disputes there.

This should lead to greater demand for coal from South Africa, but there are doubts about the ability of that country to raise its export quotas in time.

As for freight rates, there was a drop to \$9.50 a ton on the U.S. Gulf-Enrope grain run. Shipments Spence and Young Shippers said the only hope for 1982 was that stocks of raw materials may fall, causing a sudden rush at the end of the year to replace them.

This would cause considerable congestion, as in Hampton Roads in the Eastern U.S. early last year when 170 ships were anchored waiting to load coal, and a hardening of rates.



Scandinavian Bank opens in Los Angeles

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UK NEWS

Carr, Sebag makes 20 employees redundant

By John Moore
CARR, SERAG, the City stockbroker, has made more than 20 of its employees redundant. The recent move is part of an extensive reorganisation programme...

ACC board to discuss Ronson bid

BY JOHN MOORE
MR ROBERT HOLMES a Court, the Australian entrepreneur who has taken over the chairmanship of Associated Communications Corporation from Lord Grade...

Bank lending surge 'has aided industry more than thought'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT
THE RECENT surge in bank lending has had a much greater impact on industrial investment and on improvements in productivity than was generally thought, said L. Messel and Co. stockbrokers...

Domestic rates lower in Labour shires

By Robin Pauley
RATE HILLS for domestic householders in England are on average more than £38 a year cheaper in the 13 Labour-controlled shire counties than in 24 Conservative-controlled counties...

Move towards improved accounting rules

BY DUNCAN CAMPBELL-SMITH
THE ACCOUNTANCY profession will today take another important step towards evolving an agreed approach to company accounts which can help the layman understand them in the face of inflation's distorting effects...

Twickenham seat casts Alliance shadow

A DISPUTE over the potentially promising Alliance seat of Twickenham in South West London is threatening to cast a shadow over tomorrow's crucial meeting between Liberal and SDP leaders...

Compromise sought on Lloyd's Bill immunity clause

BY JOHN MOORE
LAST MINUTE talks are taking place between a group of Conservative MPs and Lloyd's of London in an effort to find a compromise on the Lloyd's Bill of Parliament, designed to improve the insurance market's self-regulation...

Threat to Tower Hamlets' services

TOWER HAMLETS council, in London's East End, told the Government that it can no longer meet all its statutory social services' obligations. After discussions with the borough, the Department of Health and Social Security said...

ICL in U.S. computer printer deal

BY GUY DE JONQUIERES
ICL and two large U.S. data processing companies, Control Data and NCR, plan to acquire shares in Centronics, an American manufacturer of computer printers, as part of a deal to rescue Centronics from financial difficulty...

Property investment gets cool forecast

By Paul Hannon
RETURNS on direct property investment this year are unlikely to rise, or even match those obtainable from the equity market, Phillips and Drew, the stockbrokers, warn in a report published today...

GLC director of architecture

MR PETER JONES, acting director of architecture at the Greater London Council since November 1980, has been confirmed as director of architecture and superintending architect of metropolitan buildings...

Directors fear 'foisting' of EEC rules

BY MAURICE SAMUELSON
CONCERN expressed by the Institute of Directors about the application of EEC regulations to the running of British companies has been only partly allayed by a long letter from Mrs Margaret Thatcher, the Prime Minister...

IBA orders apology to ex-civil servant

BY MAURICE SAMUELSON
THE INDEPENDENT Broadcasting Authority has upheld a complaint by a former top civil servant that he was unfairly treated in a TV programme about the workings of Whitehall...

New tractor engine development

THE PERKINS Diesel Engine Company is to invest £6m on the development of a new tractor engine which will give a smoother and quieter ride. New machining and assembly facilities at its factory in Peterborough, Cambridgeshire, will be set up in May. The first engines will come off the production line in November...

London Transport seeks delicate balance of quality, quantity and cost

London, and other major cities, can of course have as much, or as little, public transport as the community is willing to pay for in fares or in subsidy, or in a combination of both, while requiring "value for money". Six variables have to be balanced to achieve whatever objectives are sought: and the present difficulties are, I fear, because these variables and those objectives have not been sufficiently defined or understood. The variables are: level of fares; level of service to meet the demand; the cost of providing those services, including essential capital investment; commercial revenue earned; and subsidy required to meet any gap between costs and commercial revenue. As in any business, one of the most crucial factors is the level of prices charged and the ability to sell the product, and to prosper, at those prices. Two conflicting requirements are stated in the Transport Act 1969 which, though it was itself thought through when it was drafted, is an obligation set upon London Transport, "with due regard for efficiency, economy and safety of operation, to provide — or secure the provision of — such public passenger transport services as best meet the needs for the time being of London". The second, (Section 7), to be taken with the foregoing, is that London Transport should "ensure so far as practicable" that it is not in deficit at the end of each accounting period. After the Law Lords' judgments, among the implications now being read into the Act is that London Transport must set its fares so as to do everything possible to break-even regardless of subsidy. Axiomatically the higher the fares the less subsidy will be required, but the less traffic there will be, because many people will not be able to afford to travel. Consider the two extremes. Fares set so high that no-one can afford to travel, hence there are no services, no subsidy — and none of London's needs are met. The opposite is — free travel, maximum demand, maximum services, 100 per cent subsidy — and no endeavour to break even.

Sir Peter Masefield, chairman and chief executive of London Transport, clarifies the financial issues and objectives behind the operation of public transport services in the capital.

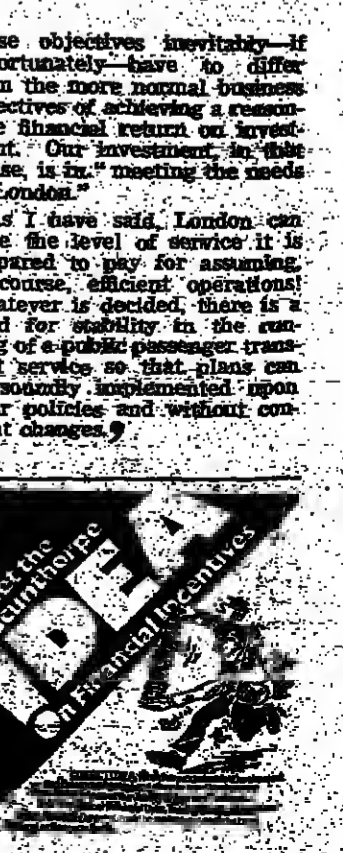
These examples illustrate the range of choices which exist. Given time to make adjustments, such is feasible. But views on what is reasonable will vary widely and are bound up with the amount of subsidy which the community is willing to make available. The choice of the financial framework is essentially for political judgment. Against that background the need for both "reasonableness" and a clear management remit should, in my view, be met by a suitable formula to link the degrees of subsidy and of income from fares. A position half way between the two extremes of high fares and no traffic, or of no fares and maximum traffic, might be seen as a "reasonable" compromise towards the meeting of London's needs for public transport. If that were agreed, then I suggest that the pound for

Engineering groups blame public sector for costs

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT
REPRESENTATIVES of the engineering industry are telling the Government it should act to prevent the public sector covering up its "inefficiencies" by passing on extra payroll costs to the private sector through higher charges. The Council of Mechanical and Metal Trades Associations, which co-ordinates the views of trade associations in mechanical engineering and metal trades, says in its Budget submission today that many public sector bodies have met financial targets mainly by raising charges instead of reducing payrolls or increasing efficiency. The council says that employment in its industries fell by 18 per cent in the two years to June 1981, but by only 2 per cent in the public sector. The increase in total expenditure on pay in the same period was 3 per cent and £2 per cent respectively. Almost all public sector charges, it says, have risen steeply since 1979. In some cases, such as energy prices, there may have been good reason, but in others, such as telecommunications and steel, there have been technological and economic developments which ought to have cut prices. It claims that effects of increased charges have been greater than the officially announced percentage rises. Telecommunications charges were reported as rising by about 7 per cent, but the combined effect of higher unit charges and reduced time per charge unit "may raise an industrial customer's costs by some 30 or 40 per cent". The council was formed to represent the industry's view on EEC matters, but it decided to extend its representation to domestic issues. The Engineering Employers' Federation will also voice concern on public-sector charges in its Budget representations to the Chancellor.

Social policy 'has failed'

BY DAVID MARSH
MOST PUBLIC spending on social services in Britain favours the better off, according to a new study by Mr Julian Le Grand, lecturer at the London School of Economics. In his book The Strategy of Equality he says the desire to help the worse off had been one of the main reasons for the enormous expansion of public spending over the last 50 years. Yet in four crucial areas examined — health care, education, housing and transport — public spending worked in the opposite direction by favouring the higher social classes. Mr Le Grand says the strategy of promoting equality through social spending had failed. Attempts to bring about better balance between social groups would have to be made through more direct methods of income redistribution, such as taxation. The experience of other countries such as the U.S. and West Germany suggested that greater equality of income, wealth and earnings did not necessarily harm either economic growth or liberty. In some cases equality would be promoted if there were no public expenditure on the service concerned and if the resultant savings were used to raise all incomes equally. The Strategy of Equality by Julian Le Grand; George Allen and Unwin; Hardback £18.50, paperback £4.95.



Low morale test for Leyland Vehicles

Nick Garnett looks at problems facing 12,000 workers in dispute at traditionally peaceful BL plants

EXECUTIVES at Leyland Vehicles are facing another major test with a new round of industrial action in the Cars group. The traditional commercial heartland of Leyland, one of which half the company's revenue is derived.

Some 12,000 workers are on strike at Leyland's various engine, chassis, plants, Leyland and Chrysler factories, about 2,600 at Bathgate, Leamthorpe. This excludes the 850 workers accepted by the company for redundancy.

Two immediate reasons for the strike, which has very strong support, are mass meetings, are clearing up the mess. The company's plan for Leyland Vehicles involves plant and product rationalisation with the loss of 1,855 jobs at Leyland, 1,365 at Bathgate and 850 elsewhere.

The workers, at least at Ley-

land, want the opposite—investment, expansion and a six-month deferral of the scheme.

The philosophy of British Leyland in the 1960s and 1970s, when profit centres such as Leyland Vehicles supported the money-losers, cannot now be used to extract extra help in reverse.

Within the limits of BL's funds—each of its companies has to stand on its own—Leyland Vehicles lost £47m in the first half of last year. A substantial though probably smaller loss is expected for the second half.

There appear three general factors influencing the workers' morale: the depth of feeling among workers surrounding the whole carefully built mythology of Leyland as

one of the world's great truck and bus-makers; and the pressures of the economic climate.

First, the old BL "disease" of labour unrest seems to have been replaced by another illness in some operations, low morale.

It has been seen on occasion in the Cars group. The feeling of disillusion with the whole business permeates the picket lines at Leyland.

It might be an even stronger feature at Bathgate, though a further 150 applications have been made at the Scottish plant for redundancies on top of the 850 already accepted, largely in the tractor plant, which is closing.

This could weaken ability of stewards at Bathgate to maintain the dispute with the company. Two pay settlements of 5 per cent and one of 3.8 per cent and agreement to change working practices, might have been necessary at Leyland Vehicles, as in the Cars division, but there is a very strong feeling by Leyland workers that they have bent over backwards to help the company.

The shop stewards have been recommending the relatively low pay settlement and new agreements on building trucks. There is almost total flexibility between trades of cab assembly at Leyland.

There have been tremendous sacrifices in terms of conditions and wages," says Mr

Coyle, the new Leyland convenor.

"We've taken all this but now we want more from us and we don't know where it is all going to end," said a picket from the Association of Scientific, Technical and Managerial Staff.

The company recognises the support it has been given by the workforce in the past few years in accepting difficult decisions, but sees no alternative to shrinking further and asking more from its workers.

Second, the great tradition of Leyland Vehicles as a truck and bus manufacturer is now, in the view of the shopfloor, a variance with the corporate plan.

This powerful feeling of pride in the past must be stronger at Leyland, the Ribbles Valley town where the company has made commercial vehicles since 1907, than at Bathgate.

You hear it all through the picket lines. "Remember the Octobers! The fastest wagon on the road when it was built," says one worker.

"I remember when they got all the long-serving men together to give their gold watches at Blackpool Tower," says another.

The Roadtrain is the best truck we've made, but we don't know what they're trying to do with this place. There's something up, I'll tell you."

Pressure of collapsed home demand and tighter cash margins abroad forced BL into a much closer overlook of Leyland Vehicles.

The logic of that was to see which plants were best suited to making which components and vehicles, which engines had not enough volume to support manufacture, and development, and what collaborative deals with other manufacturers could be struck.

For Leyland that means ending the 400 series engine and the TL12, leaving it to produce the TL11 but end truck engine and assembly of most vehicles market.

The company says that 70 per cent of its vehicles will still have Leyland engines and the 400 series be largely replaced by Bathgate-made 98 Series power plants, and some probably from International Harvester.

The TL12 will be replaced by one almost certainly from Cummins or Rolls-Royce.

"Our intention is to save Leyland because we live here," says Mr Coyle. "We want to change the policy to support manufacturing." But that policy demands money which Leyland Vehicles does not have.

Those feelings, which may be a kind of cry for help and with which many Leyland Vehicles managers profess not to be unsympathetic, merge with the problems of a local community, stretching out to Bolton, Preston and further afield, in which Leyland Vehicles is one of the biggest employers.

Changes at Thorn EMI

Mr J. A. Sibley is to devote full time fully as chairman of the THORN EMI video software production group and relinquishes his position as director of administration and company secretary. Mr Sibley continues as a director of Thorn EMI, Thorn Ericsson Telecommunications and Thamea Television. Mr Robin Charlton, director and secretary of Ransome Hoffmann Poldard, joins the company on March 1 as company secretary.

Dr Ralph Richards has been appointed a director of INFORMATION TRANSFER, Cambridge.

Mr Tom Spice has retired from his position of chief executive of J. FRANKEL (ALUMINUM). He remains a director in a non-executive capacity.

Mr Peter Withers has been appointed a director of UNILIFE ASSURANCE SERVICES, which was UK manager of the company, a subsidiary of Unilife Assurance (Overseas).

Mr Brian Marcel has been appointed managing director of PHOTOGRAPHIC SCIENCES.

Mr Peter Jones, who has been acting director of architecture at the GREAT LONDON COUNCIL since November 1, 1980, has been confirmed in his post. He now becomes director of architecture and superintending architect of metropolitan buildings.

Mr Terence W. Donovan, until recently financial director, has been appointed managing director of RAYMOND INTERNATIONAL (UK), Dwlckentham and assistant regional general manager for Europe, Africa and

the Middle East. His predecessor, Mr John Browning, has returned to the U.S. in take over direction of one of Raymond's American divisions. Mr Gregory Papayanti, vice-president of Raymond International Builders Inc., has been appointed regional general manager for Europe, Africa and the Middle East.

Mr J. E. W. Hall has been appointed deputy chairman of the Gossard handed foundation wear operations in the UK, Germany and South Africa, and joint managing director of GOSSARD.

DELSON AND CO, a subsidiary of McKechnie Brothers, has appointed Mr Roger Barracough as administrative director of the Delson Companies.

Subject to the approval of the Stock Exchange, FIELDING NEWSON-SMITH AND CO., stockbrokers, is dissolving its partnership with Mr K. M. Feeny, who will be leaving the firm on July 31 when he will be taking up an appointment with W. GREENWELL AND CO., attack-brokers.

AUTOGLASS, windscreen replacement specialist, has appointed Mr Ian Campbell as sales and marketing director. The company is part of the Royal Doulton Group.

Mr T. F. E. Lane has been appointed managing director of AM INTERNATIONAL multi-graphics division based in the UK. This is the parent company's largest subsidiary outside the U.S.

Mr Joe Frazier, until recently marketing director of Tempo Computer Services, part of AGB

Group, has joined the board of the ENTERPRISE SYSTEMS GROUP to head the Adnet division.

Mr D. A. Garbutt has been appointed project director for SILICON ORGANICS, new subsidiary of Croda Synthetic Chemicals.

BRITISH RAIL has appointed Mr Colin Driver as deputy general manager, Eastern Region, York. He was formerly chief passenger manager and replaces Mr Bryan Driver who is now managing director of Freightliners.

The Earl of Aylesford has been appointed a regional director of the Birmingham and West Midlands regional board of LLOYDS BANK. Lord Aylesford is Lord Lieutenant of West Midlands.

The Trade Secretary has re-appointed Mr Michael Montague as a member and chairman of the ENGLISH TOURIST BOARD for a further three years from March 1.

Mr Richard Mills has been appointed as a new member of the board from January 1 for three years. Also reappointed are Miss Elizabeth Brunner and Sir Frank Price from October 1 1981.

Sir David Nicolsoo has joined the board of SELINCOURT as a non-executive director.

Mr J. O. Hitchcock has resigned as a director of ENGELHARD INDUSTRIES.

Mr Alan Squires has been appointed managing director of ASSOCIATED TRAPNEK.

SACCONE AND SPEED has appointed Mr J. G. P. Jephcott, as marketing director.

Clearers face criticism over money transmission

BY WILLIAM HALL, BANKING CORRESPONDENT

THE London clearing banks' traditional domination of the UK's money transmission system is likely to come under attack at the first meeting of the new Money Transmission Consultative Committee today.

The committee, headed by Mr John Brooks, Midland Bank's deputy chief executive, has been established following criticism over the years that the London clearers have too big a say in how Britain's money transmission services develop.

The subject has taken on considerable importance following the clearers' announcement that they intend to develop a national network to handle electronic point-of-sale transactions, allowing shoppers to pay for goods with a plastic card rather than cash or cheques.

Unlike the present system of paying by credit cards, which generates a great deal of paperwork, the new system will use electronic terminals which will debit customers' bank accounts directly.

At one stage the clearers had envisaged a large centralised system controlled by them. This would have cost hundreds of millions of pounds and made the banks especially attractive to a government intent on nationalising them.

This idea and a pilot scheme in Southampton have been

dropped in favour of a "totally distributed system". Common standards will be set for the national network. This will not be dominated totally by the clearing banks and new entrants into the money transmission system will probably be allowed.

This will significantly increase competition in the money transmission services, at present 90 per cent controlled by the clearers. They have accepted that something as important as developments in electronic funds transfer cannot be left entirely to them.

The committee has been formed to give other financial institutions a chance to air their grievances and aspirations in money transmission services.

Apart from the London clearers, representatives of Scottish and Northern Irish clearing banks, Trustee Savings Banks, National Giro Bank, American banks accepting business and British overseas banks will sit on the committee.

The Bank of England will also be represented and the British Bankers' Association is understood to be sending an observer.

It remains to be seen whether the committee will be widened to take in institutions such as building societies, retailers and equipment manufacturers.

CTSB funds Eurocredit

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

THE Central Trustee Savings Bank has surprised international bankers by emerging as a provider of funds to borrowers in the Eurocredit market.

The new role came to light over the weekend with news that the bank is putting up a \$5m (£2.67m) participation for a \$400m (£213.56m) credit for Argentina's state-owned oil concern, Yacimientos Petroliferos.

Mr E. D. Morton, head of the bank's corporate lending business, said that the bank has taken stakes in credits to a Brazilian and an Italian bor-

rower.

Such participations are considered adventures by many Eurocredit bankers as they are lucrative but do not necessarily represent the best risks available.

Mr Morton said the Eurocredit business was a natural extension of the foreign business, such as documentary credits, which the CTSB conducts on behalf of regional trustee savings banks. It would probably commit a total of about £50m equivalent to the market during the next 12 to 18 months.

Weather causes rise in FT shopping basket index

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE FINANCIAL TIMES Grocery Prices Index has risen sharply in January as a result of the severe wintry weather hitting supplies of fresh produce.

The January index, based on information collected from stores throughout the UK, stood at 144.81. In December the index stood at 141.24.

The increase was the highest monthly rise in the index for more than a year.

Dairy produce, fresh meat and fresh fruit and vegetables were the three main sections of the shopping basket which recorded the highest increase in cost.

The cost of dairy produce—including milk, eggs, and cheese—went up in total from £706.81 in December to £724.64 this month. Meat cost £641.32 this month in total, compared with £622.16 last month. Fresh fruit and vegetables rose from £287.33 in December to £311.06 in January.

Continuous frosts, heavy snow and flooding have ruined many winter crops. In addition, the weather has prevented widespread distribution of fresh produce.

Other sections of the basket, such as canned foods and dry groceries, showed little change in cost this month.

The FT Grocery Prices Index is based on data collected each month by 25 shoppers who monitor a list of more than 100 grocery items in the same shops each month. The stores, spread throughout the UK, range from supermarkets to small village grocers.

The index, however, is meant only as a guide to trends in food prices. It should not be taken as an absolute indicator of price levels.

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SPEAKING UP FOR SMOKERS

74% TAX

50% TAX

13% TAX

8% TAX

TELL THE TAXMAN

'No more tax on cigarettes'

Sign the petition in your local shop

Organised by the National Federation of Retail Newsagents and the Retail Confectioners and Tobacconists Association

Betting

Cinema

Cigarettes

Petrol

Dining Out

Don't you feel it's time smokers got together and protested at the amount of tax they pay on cigarettes? Your tobacconist or newsagent will have a petition in his shop which you can sign - your opportunity to tell the taxman how millions of you feel about the prospect of even higher taxation.

Already three-quarters of what you pay for your cigarettes goes directly to the taxman - to the tune of £4,000,000,000* a year. Surely there comes a point when enough is enough.

All you have to do is sign. And your tobacconist or newsagent will do the rest. Don't forget. The next time you're in your local shop Tell the Taxman how you feel. If you don't nobody else will.

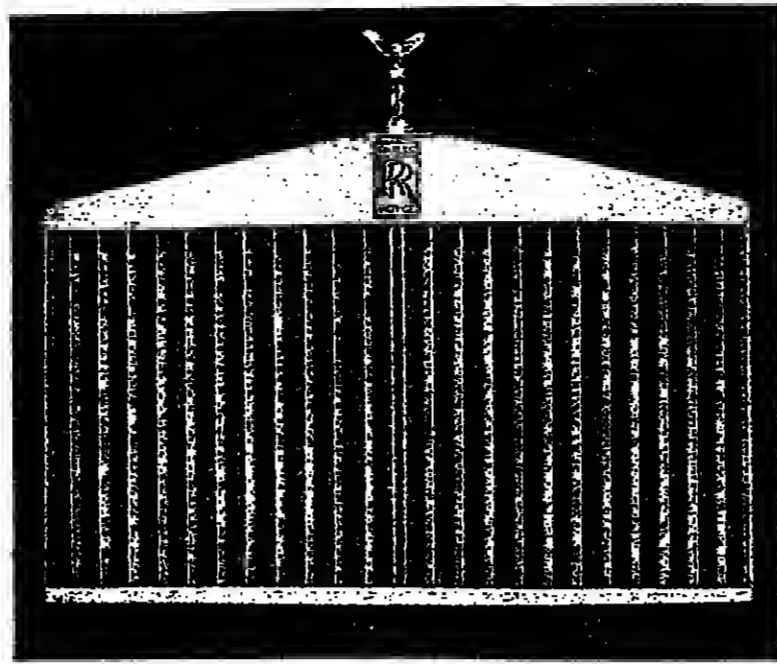
For more information write for a free copy of the "Facts on Tax" leaflet to: Linda Murphy, Tobacco Advisory Council, P.O. Box 115, London SE1 3HG.

*Figures quoted are based on Government estimates 1981/82 and include cigarettes, cigars and tobaccos, plus VAT.

FINANCIAL TIMES SHOPPING BASKET JANUARY, 1982

	January	December
Dairy Produce	724.64	706.81
Sugar, Coffee, tea and soft drinks	211.90	209.31
Bread, flour and cereals	318.22	314.57
Preserves and dry groceries	114.64	113.68
Canned food	55.82	55.21
Frozen foods	199.16	198.57
Meat, bacon, etc. (fresh)	253.05	248.65
Fruit and vegetables	641.32	622.16
Non-foods	311.06	287.33
	249.03	244.58
TOTAL	3,078.85	3,002.87

1981: January 138.96; February 131.75; March 132.75; April 134.93; May 136.30; June 137.37; July 136.62; August 135.50; September 136.46; October 137.49; November 140.51; December 141.24.
1982: January 144.81.



Vladimir Ilyich Lenin
 Guglielmo Marconi
 George Bernard Shaw
 Elvis Presley
 David Lloyd George
 Sir Edwin Lutyens
 Sir Barister Fletcher
 Prince Chula Birabongse of Siam
 Gracie Fields
 Sir Billy Butlin
 H.M. The King of Serbia
 Henry Curtis-Bennet K.C.
 Douglas Fairbanks
 Pierre Michelin
 Howard Hawks
 Sir Frederick Henry Royce
 Ernest Hemingway
 Claude Johnson
 Hugh Trevor-Roper
 Vladimir Horowitz
 Mae West
 Baron Edouard de Rothschild
 The Nizam of Hyderabad
 W.R. Vanderbilt
 The Maharajah of Mysore
 Sir Jesse Boot
 J. Arthur Rank
 Lord Kitchener
 Tommy Sopwith
 H.M. King Carol of Rumania
 Lord Beaverbrook
 Sir Malcolm Campbell
 J. Pierpont Morgan
 Roberto Rossellini
 The Marquis of Crewe
 H.I.M. Haile Selassie
 The Maharajah of Cooch Behar
 The People's Republic of China
 (Unknown purchaser)
 General Franco
 Gary Cooper
 The Third Duke of Westminster
 Nubar Gulbenkian
 Alfred Bird
 Sir John French
 Lord Fisher
 The Marquis of Exeter
 Lord Birkenhead
 Lord Baden-Powell
 Edgar Wallace
 W.D. Wills
 R. D'Oyly Carte
 The Maharajah of Patiala
 Jack Warner
 Jack L. Warner
 S. Gestetner
 Pola Negri
 Sax Rohmer
 Sir Terence Rattigan
 R.C. Sherriff
 Cary Grant
 W. Somerset Maugham
 Peter Sellers
 Marshal Tito
 Aristotle Onassis
 Greta Garbo
 Lawrence of Arabia
 President Woodrow Wilson
 Marie, Dowager Empress of Russia

For seventy-eight years Rolls-Royce motor cars have been owned by the men and women who shape history.

هكذا من الثمن

مكتبة النور



They still are.

This is the Silver Spirit. Rolls-Royce Motors believe it is the best motor car they have yet produced. The suspension system means that it handles and corners better than any previous model. The famous Rolls-Royce engine is as quiet and durable as it has ever been. And Rolls-Royce engineers feel that the body is the most pleasing

combination of aerodynamics and styling they have yet achieved. For seventy-eight years, Rolls-Royce Motors have been striving to improve on the best car in the world. They still are.



UK NEWS - LABOUR

1,000 ready to leave BL Bathgate

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

ABOUT 1,000 workers at British Leyland's Bathgate plant near Edinburgh have volunteered for redundancy in the face of extensive restructuring by the company...

The strikers are also preventing the removal of 100 finished tractors which have already been sold to customers in the UK and Scandinavia...

TENDERS MUST BE LOOSED AT THE BANK OF ENGLAND, NEW ISSUES (Y), WATLING ST, LONDON, EC4M 3AA NOT LATER THAN 11.00 A.M. ON THURSDAY, 25TH JANUARY 1982...

ISSUE BY TENDER OF £750,000,000 2 1/2 per cent INDEX-LINKED TREASURY STOCK, 2011

PAYABLE AS FOLLOWS Deposit with tender £35.00 per cent On Tuesday, 16th March, 1982 Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 23RD FEBRUARY AND 23RD AUGUST

1. The Stock is an investment falling within Part II of the First Schedule to the Trustee Investment Act 1952... 2. The GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for the above Stock...

will be released, subject to the terms of this prospectus, to the movement, during the life of the Stock, of the United Kingdom (excluding the Channel Islands) by the Department of Employment, or any index published...

Welsh lorry drivers turn down 8%

LORRY DRIVERS in Wales have rejected a pay offer worth 8 per cent. Union leaders are talking of industrial action, although drivers in other areas are settling for deals at or less than the Welsh offer...

Sogat seeks talks on Odhams closure

UNION leaders will today launch an attempt to save Odhams Press. Its gravure plant at Watford, Herts, is scheduled to close on April 30 with the loss of 1,900 jobs...

Bifu rejects 6.75% offer

THE Banking, Insurance and Finance Union has rejected a 6.75 per cent pay offer from Standard Chartered Bank, following a 7 per cent offer from Barclays Bank International...

THE HONGKONG BANK GROUP announces that on and after 25th January, 1982

the following annual rates will apply Base Rate... 14% (Previously 14 1/2%) Deposit Rate (basic) 12% (Previously 12 1/2%)

Standard Chartered announces that on and after 25th January, 1982

its Base Rate for lending will change with effect from from 14 1/2% to 14% Monday 25th Jan.

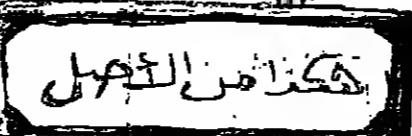
Advertisement for Williams & Glyn's Bank, featuring interest rate changes and a base rate of 14%.

Advertisement for Grindlays Bank Limited, featuring interest rates and a base rate for lending.

Advertisement for Standard Chartered Bank Limited, featuring interest rates and a base rate for lending.

Advertisement for Grindlays Bank Limited, featuring interest rates and a base rate for lending.

TENDER FORM for the Bank of England Treasury Stock issue, including fields for signature, name, and address.



THE ARTS

Glasgow Citizens Puntilla and Matti

by MICHAEL COVENEY

Her Puntilla and her beautiful Matti is quite literally Brecht's most successful play...

Purcell Room Suoraan

by PAUL DRIVER

The second of the Suoraan ensemble's three concerts at the Purcell Room began with the first performance of Michael Finnissy's Dura-Dura...



Peter Jones and William Rushton in a scene from "Pass the Butler"...

Architecture Finns and fascists

by COLIN AMERY

Two recently opened exhibitions show the richness London now provides as an architectural centre...

Royal College of Music Albert Herring

by RONALD CRICHTON

One senses occasional surprise, even disbelief, at the praise sometimes heaped in these columns on student opera performances when grander, infinitely more costly professional productions may earn short shrift...

Sing + Circle

by DOMINIC GILL

The solo vocal quartet called Sing+Circle the excellent heart-jerking solo line of "Question" is a fine inspiration...

Coliseum Figaro

by MAX LOPPERT

Jonathan Miller's 1978 production of The Marriage of Figaro, amiable but vacuous and essentially lacking in any conceived stylistic identity...

THEATRES section listing various theatre companies, plays, and performance times across different venues.

FINANCIAL TIMES section containing financial news, market data, and a crossword puzzle.

F.T. CROSSWORD PUZZLE No. 4,780 section with a grid and clues for across and down words.

Vehicle Fleet Management

As the fleet transport industry struggles to survive the effects of the recession on trade, two rapidly developing areas—contract hire and distribution—appear to hold out the greatest hope for sustained long-term growth in the commercial vehicle sector.

Pressure to control operating costs

BY LYNTON MCLAIN, TRANSPORT CORRESPONDENT

THE MIND of almost every transport manager of small and large fleets of commercial vehicles and of cars has been concentrated as never before in recent months while companies have searched for ways of surviving in the face of the worst sustained slump in demand for trade and transport services. Most of the managers dare to remember.

Only two types of fleet transport managers would care to take a different view: the born optimists—and there are a few of those in the industry—and the managers of the rising band of companies specialising in exploiting the misfortunes and inefficiencies of other transport operators, to the mutual benefit of all concerned.

These companies offer industry the benefits of contract hire of cars and commercial vehicles, and, in a more recent development, contract distribution. In its ultimate form, contract distribution can involve the specialist transport operator taking over the entire vehicle fleet of another company as a way of releasing capital and easing cash flow for a customer whose financial position has been shaken by the effects of the recession.

This new form of contract hire arguably holds out the greatest hope for long-term growth and stability in the commercial vehicle sector, where so far it has found its main role. If this proves to be the case, it will be a supreme

irony that this versatile and mutually-beneficial business came to light in the depths of the worst recession since the 1930s.

The slump in trade in almost every manufactured product for industry and the domestic consumer, apart from the food sector, has shaken the road freight transport industry to its core. An estimated 15 per cent to 20 per cent of all commercial vehicles operated by the public-sector haulage contracting industry have been off the road for 12 months, laid up for lack of work, and with few willing takers in the second hand market.

Depreciation
In the company car sector, its costs and benefits to staff and management have been scrutinised more closely than ever. Depreciation periods have been examined and lengthened where they have been deemed to be uncomfortably short in the gloomy trading climate of low revenues and lower profits.

High interest rates have done nothing to help to boost sales of fleet cars to the main customer companies those with large sales forces, high numbers of mobile maintenance personnel, and companies involved in business spread over wide areas.

The recession, however, has hit hard at the manufacturers too, and car and truck makers have often made wildly uncom-

mercial deals with potential fleet owners, often enticing sales with offers of zero interest on large orders.

This has helped to cut large vehicle stocks held by the manufacturers and has helped to boost morale in those companies who decided to invest in new cars near the bottom of the recession.

The hope of those companies is that they could soon see benefits from an investment that can only cost more—whatever the form of financing involved—once the recession has lifted, as according to conventional economic wisdom it must.

The range of options for financing car and commercial vehicle fleet acquisitions is as wide as ever. It covers outright purchase, hire purchase, rental, contract hire, leasing, and the developing financial tool of contract distribution.

These arrangements can be made direct with the vehicle manufacturer, through an offshoot of the maker, through specialist rental, contract hire and leasing companies, or through the banks and finance houses.

A further tier could involve the many management service companies which deal with operators of fleets of cars, trucks and vans, advising on finance, the best way to manage maintenance schedules and car-pooling schemes.

Outright purchase has the obvious benefits of giving the

customer full legal ownership of the vehicle or fleet of vehicles. Cash, either from internal company funds or borrowed at market rates is also an obvious requirement.

Mr Brian Hayward, group managing director of National Carriers, part of the soon-to-be-denationalised National Freight Company, listed some of the disadvantages of owning outright commercial vehicles in a recent paper to distribution managers at a conference organised by the British Institute of Management's Centre for Physical Distribution Management.

Licence

By law, the owner must have an operator's licence, the "O" licence which has a string of statutory requirements attached to it. These include keeping tachograph records of drivers' hours, keeping vehicle records, maintaining lorries in a safe condition, ensuring that vehicles are not overloaded and arranging for regular safety inspections, Mr Hayward said.

These represent the time and money-consuming responsibilities of direct ownership of commercial vehicles. However, these "difficulties" may be more than countered by the increase in the asset value of the company through the outright ownership of the fleet of vehicles. Capital allowances can also be offset against taxable profits where these are

large enough to take full advantage of the deduction.

Hire purchase gives the operator the legal title to the vehicle or fleet, but the assets are purchased by the finance house involved. The principal and interest are paid back by the operator on a regular basis. Capital allowances are the same as for outright purchase and changes in interest rates do not affect the sums involved.

Under leasing arrangements, the legal title to the fleet remains with the leasing company. Although leasing has similar advantages to hire purchase agreements, the advantages which brought leasing to prominence in the 1970s largely came to an end with the Finance Act, 1979. This brought the rate at which capital allowances could be charged on leased cars into line with the rate for cars bought outright.

Nevertheless, for companies which have used all their liability to tax, leasing still can be attractive.

It is in the field of contract hire, however, that the benefits for the industrial customer and the growth for the fleet supplier has started to become apparent in a big way.

Under contract hire, a form of medium term leasing, the legal title remains with the hiring company. Mileage and the period of the contract determine the scale of charges. These will usually be regular, allowing tight budget control by the customer.



The new Ford Cortina Ghia is at the top of the best-selling Cortina range. More than one in every ten cars sold in the UK is a Cortina but in October its successor, the Sierra, will be launched.

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Editorial production by Catherine Darby, design by Phil Hunt.

Ford Motor Company is convinced that there has been a "distinct movement" from finance leasing to contract hire, especially since mid-1980.

The company said recently: "In the late 1970s open-ended leasing (which allows a lessee to end the agreement on payment of an agreed figure at any time after a fixed initial period) and balloon leasing (low rental payments over a period, followed by a large pre-set final payment to pay off the forecast residual value of the vehicle) were very attractive because of the low monthly rentals."

"However, as used-vehicle residual values have been falling steadily since mid-1980 there has been a distinct movement from finance leasing to

contract hire. The trend has hardened because of increased vehicle maintenance and repair costs."

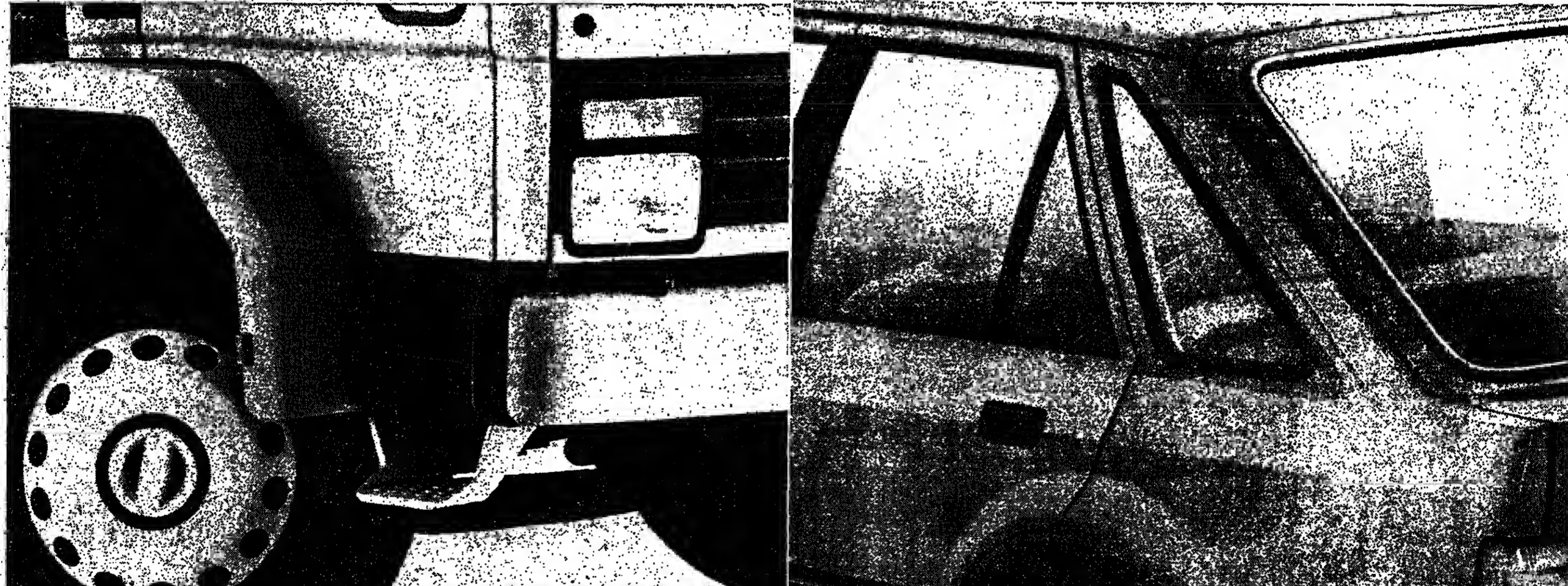
Ford believed that continued uncertainties over vehicle residual values and forecasts of double-figure inflation in 1982 will increase the desire for controlled vehicle operating costs and ensure that contract hire continues in demand.

The most comprehensive and potentially beneficial form of contract hire, according to some of the larger fleet operators, is contract distribution and ultimately full takeovers of industrial vehicle fleets by the specialist companies. This is likely to appeal to industrial companies in need of capital

and anxious to improve cash flow by paying for its transport needs out of revenue.

Mr Peter Thompson, the deputy chairman and chief executive of National Freight, said late last year: "The trend towards fleet takeovers has grown during the recession, when the bite of distribution costs into margins has come increasingly under scrutiny."

"I would expect this trend to continue throughout the 1980s and with the increasing need to examine margins in a depressed British economy, we regard fleet takeovers as being a happy hunting ground for our companies. And, of course, a financially happy outcome for the customers concerned."



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Lombard believe in people doing what they do best. We realise that controlling increasingly tighter budgets is becoming an ever more demanding and exacting science. Accurate forecasting together with the need to release valuable capital requires the right choice of funding options. Finance and leasing are what we are best at.

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VEHICLE FLEET MANAGEMENT II

Business opposition slows up attack on fringe benefits

IT IS still highly tax efficient for employers to pay their employees partly by giving them a company car. The government announced its intention to undermine the advantages of the car as a fringe benefit shortly after it came into office. However, there has been considerable opposition in business circles to any sweeping changes and the Government has been forced to make haste slowly.

The company car is probably more popular in the UK than in any other country. The fundamental reason is that there are major tax advantages for an employee in having the use of a car owned by his employer, rather than owning his own outright.

The car owner must pay for the capital and running costs of his vehicle out of taxed income. But if an employee uses a company car for private motoring he will, at worst, be assessed on a scale still well below the true cost of running a car, even after the scale is raised at the beginning of the 1982-83 financial year.

So even if the employee's salary is reduced by the true cost of having a car provided, he will have substituted a low-taxed benefit for highly taxed marginal income. For many employees — those earning less than £8,500 — the benefit is completely untaxed.

The attack by the Government on perks of all kinds was first launched in August 1979. When the Conservatives first came into office, one of their major rosters was to improve market mechanisms right through the economy. The case against fringe benefits was spelled out by Sir Geoffrey Howe, the Chancellor, when he said: "Perks are an inefficient and often wasteful way of rewarding effort. And unjust. Some perks are taxed in full, others pay no tax on identical benefits. The whole chaos might almost have been designed to set people enviously against each other and so to bring our system into contempt."

are sold for business use. About half of these are used as "tools of the trade," it has been reckoned, with the other half falling into the fringe benefit category.

It is not necessary to use scales or any other formula to tax the fringe benefit part. In most other developed countries employees are taxed directly on the benefits of the private mileage in a company car. This is usually done by establishing the proportion of private to total mileage and assessing the benefit as this proportion of the overall standing charge and running cost of the car.

One of the reasons the British Inland Revenue switched from this kind of system in 1976 was that the number of company cars was growing so fast some kind of formula was thought desirable for administrative simplicity. In fact what research has been done on this topic suggests that the company car system is more popular in the UK than anywhere else.

After the two rises announced in the last Budget, the scale benefit of having the use of a car less than four years old of between 1301 cc and 1800 cc is £360 in the 1982/83 financial year. For cars with smaller engines the scale is £270 and cars with bigger engines costing less than £11,500 have a scale rate of £540. Cars with an

original market value of more than £11,501 and £17,500 have a rate of £780 and more expensive cars than this £1,260. This scale applies to all directors and employees earning more than £8,500.

These rates are reduced by half when there is substantial business mileage—a level quantified as 18,000 miles a year with effect from April 6 1981. At the same time a cut-off was laid down for insubstantial business mileage. If the car is driven less than 2,500 miles a year for business the scale rate is increased by 50 per cent. Where the car is not available for a period, more than 30 days in the year, the scale rates are reduced proportionately.

Moreover, in the coming financial year, free petrol benefits are to be taxed for the first time. The Chancellor warned at the time of the 1979 Revenue consultative paper that the provision of free petrol was a rapidly growing practice and that if it did not abate he would take steps to tax it. So it came as little surprise when in the 1982 Budget he announced that the practice was still gaining in popularity and accordingly free petrol would be taxed on the basis of scale rates.

In fact the rates announced equate exactly to those used for estimating the benefit of having

a company car. However, there is no distinction made for cars which are four years old or more, nor for cars worth more than £11,500. The halving of the scale applies where there is substantial business use, as does the proportional reduction when the car is not available for a period. However, there is no increase in the rate where there is insubstantial business use. These provisions do not apply to petrol used in an individual's own car or a hire car, where the normal benefit in kind legislation applies.

The Government had also announced that it planned to make a major change in the coming financial year in the way the tax was collected. The plan was to require employers to add the value of the benefit to employees' wages each pay day and deduct income tax under the "Pay-As-You-Earn" system.

However, there were strong protests at this suggestion from employers and, accordingly, the Government withdrew the proposal two months ago, stating that it would amend the relevant legislation in the last session of Finance Act. So the Inland Revenue will continue to operate by taking account of benefits in determining employee's code numbers.

David Freud

The case for square pegs by Mercantile Credit

Not in round holes, of course. Mercantile Credit know, from their great experience of financing company car fleets of all sizes and all kinds that there is no one shape to their customers' needs.

There are square holes as well as round. There are oblong, hexagonal, octagonal and decagonal ones too, and they are just as likely to be irregular. Whatever the shape of the need, Mercantile Credit's flexibility means they can provide finance that fits, effective finance matched to the individual need.

Mercantile Credit vehicle finance covers a whole range of plans. Each has its own flexibility, typified by that of the increasingly popular Variaseat which

combines the financial benefits of the fixed term contract with the ability to change vehicles at the time you choose.

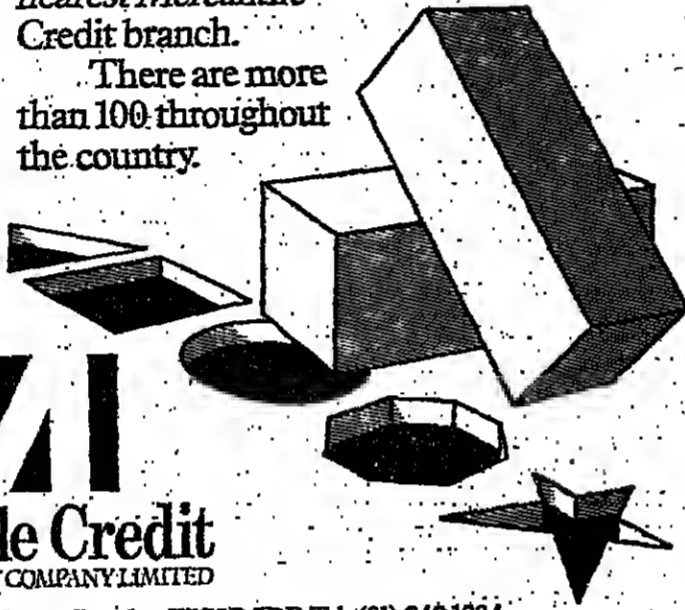
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COMPANY PROFILE

MANN EGERTON Vehicle Contracts, a wholly owned subsidiary of Mann Egerton, itself part of the Inchcape group, is a contract hire company formed in 1980 which offers fixed-term leasing, or contract hire, over one, two or three years.

Vehicles are available with or without maintenance and MEVC pays special attention to smaller fleets, ranging up to 50 cars, in addition to dealing with companies operating several hundred vehicles.

Its pre-delivery inspection control points are in London and Norwich and its accredited service network has 4,500 service outlets.

Mr Archie Mitchell, managing

Mann Egerton

director of MEVC said the company had two primary objectives — specialisation and service. "With a precise target market we are able to tailor our service market more accurately than our competitors."

Recent trends, he said, were for three year agreements, thus customers get the benefits of a longer fixed rate while the company is able to get residual values of vehicles down to more manageable levels. Some 200 used cars are sold by MEVC every month at its two disposal points in London and Norwich.

"Residual values are the key to success in the contract hire business. Two or three years ago most of us got our

sums wrong. The extent to which we got them wrong will determine to a large extent the competitive stance of these companies who remain in the industry."

"A lot of people are waiting for the recovery. I do not think there will be any dramatic recovery in 1982 but we would expect that the used car market has now bottomed out," he says.

MEVC, which operates some 5,100 cars compared with 4,900 a year ago, has not observed any marked trend towards customers moving down in car size. The bulk of representatives it supplies still run Cortinas.

Lisa Wood

COMPANY PROFILE

AVIS, one of the leading names in car rental and vehicle leasing, is undertaking a £20m investment programme in new vehicles in the belief that demand will return to more buoyant levels this year.

The company said: "The recession appears to have flattened out at last. The trend is upwards and we are doing better than seemed possible a few months ago."

One of the factors which contributed to problems last year was a fall in tourist arrivals in the UK—down 17 per cent in July and 14 per cent in August—but Avis is acquiring 200 Ford Fiestas, Cortinas and Granadas in anticipation of a strong upturn.

Next month it takes delivery of a number of Vauxhall Cavaliers, and believes it has laid the ground for growth with the establishment of 12 new outlets. It has also introduced a rail drive network at 40 stations,

Avis

based on an advance booking system.

Moves by Avis to improve vehicle services include the introduction of Mental Express, to cut down waiting time caused by paperwork and the removal of a surcharge on cars taken abroad. It has also introduced new unlimited mileage rates on cars booked for more than three days, while special lower rates are offered on vehicles rented for more than 28 days.

Mr Brian Dix, director of marketing, said: "An exciting development for 1982 is that from April 1 we are becoming the exclusively preferred car rental contractor worldwide for British Airways."

Last year proved difficult, however, for Avis's truck operations, but the company nevertheless experienced an increase in contract hire business. "As a result of the

economic situation, industry turned increasingly to contract hire for two to five year periods," Avis said.

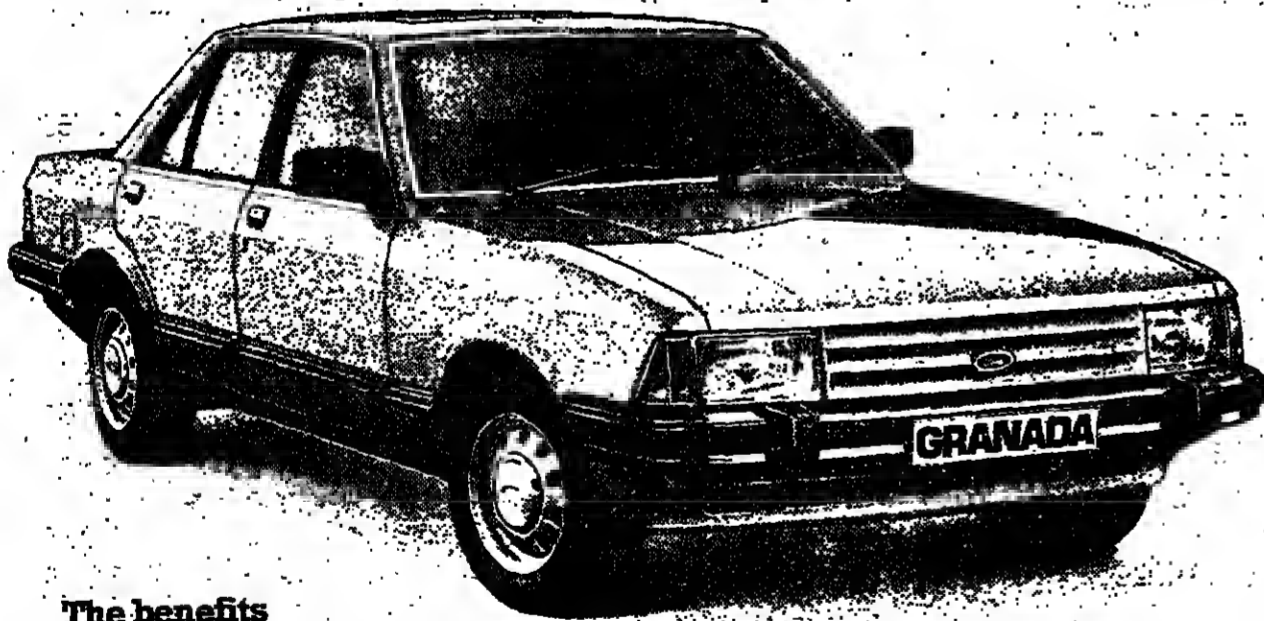
Customers were also able to book on the regional basis, by Government and European Community regulations, such as tachograph and type approvals, to the lesser rather than personally spending time sorting them out.

On car leasing, Mr Ken Williams, Avis's marketing manager, said: "Any remaining signs of being an industry with overt tax advantages has disappeared. Leasing is able to be seen more clearly for its own general benefits."

He believed that finance leasing was losing ground and that there was a continuing trend towards the specialist car leasing company. "Our car fleet grew each month in 1981 and will grow faster this year."

Lorne Barling

Leasing 1982 Ford Granadas can be a capital move.



The benefits

Leasing your 1982 model Granada, or any other car in the Ford range, through a Ford Leasing Dealer can bring you many benefits. The most important are:

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- * The company's cash flow can be improved
- * Bank borrowing can be reduced
- * There can be considerable tax benefits
- * Initial payments are usually lower than HP.

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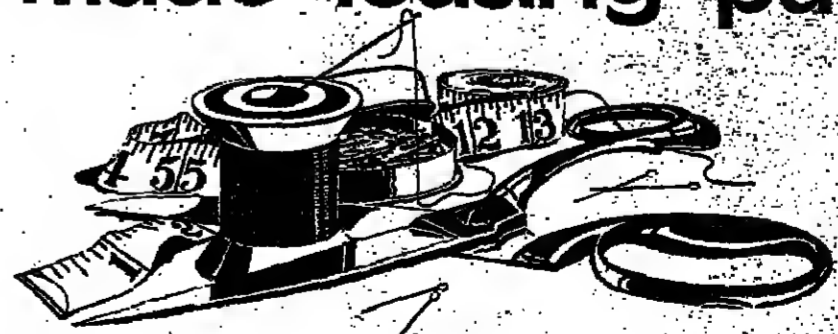
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VEHICLE FLEET MANAGEMENT III

The company car: more of a fool, less of a perk

THE COMPANY car, which in the Sixties and Seventies began to be almost automatically a part of the management package for the staff driving round the office, is now being regarded more as a perk than a grudge.

Although the market has moved down, it is essential to differentiate between at least three types of company passenger cars. There are cars which are used by salesmen, who are on the road, and who need a car for their own use. There are cars which are used by executives, who are in the office, and who need a car for their own use. There are cars which are used by employees, who are in the office, and who need a car for their own use.

use of company cars is a deeply ingrained part of the UK management system, encouraged by most Governments until this present one and owing its existence partly to the perceived need for keeping a good market for British cars.

Fleet managers, unlike private car users, tend to buy domestic models.

The private motorist may find this a reflection for home-made models strange but it is usually due to sound commercial reasons—in Britain at least fleet operators tend, say the home-made cars tend, to be cheaper to maintain and have a higher retained resale value.

Home produced

The psychological element of the car market is, of course, the reward element in the provision of a car but still the indications are that fleet managers prefer to see home-produced steering wheels in the hands of their executives.

The real heartland of the fleet car market is, of course, the broad and better business of salesmen, the car rental companies themselves, Government departments and the thousands of other people for whom the car is neither whim nor perk, but an essential tool of the job.

For managers in this field life has become decidedly more complicated over the last five years. Costs have escalated, the gap between car purchase prices and eventual sales price has widened, interest rates soared and corporate treasurers are looking with a much meaner eye upon the activities of such money-spending areas as travel and transportation.

It is difficult to say which is the most crucial of these factors, but there is little doubt that the sheer price of cars is proving a major burden for companies. A fleet of 500 vehicles represents an investment of around £3m, even if the choice has been made at the lower end of the price scale. It is hardly surprising that more and more companies appear to be extending the working life of the vehicles in hope of putting off the evil day of facing the gap between sale and renewal price.

The one good aspect of all this, and one which is helping

fleet managers in their attempts to stretch the working lives of the vehicles, is that cars are increasingly more reliable. The machine that once could be expected to give perpetual trouble after a year or 20,000 miles, can now be expected to go on for much longer, provided it is carefully maintained.

Nonetheless secondhand car markets the world over are sluggish to say the least and the fleet manager rapidly finds that it is no longer simply a matter of finding a discount price for his new vehicles; he has at the same time to ensure a favourable sale, or any sale at all, for the car he is trying to get rid of.

It is hardly surprising therefore that in the larger fleets there seems also to be an increasing trend towards smaller cars and to conventional cars—both being at the more popular end of the secondhand market.

A sophisticated large car can usually be expected to lose value more quickly than one which may be bought, secondhand, by a family and possibly even serviced at home for the rest of its life.

Only a few years ago it was a rare fleet manager who had to get involved in all this. Secondhand cars had a ready market and the price gap was relatively narrow. Money—even at 10-12 per cent—would in today's terms have been considered cheap. In those times the fleet owner could afford to indulge the occasional whim of particular staff.

There is little doubt that companies today want to see their lives made less complicated, and less expensive, than they have been in the past. So that unless there is a remarkable and rapid turnaround in world economics the present trends are likely to continue.

Now that even the glossiest of cars are under inspection by hard-pressed boardrooms the car rental groups are turning their attention more and more to that market too—Britain's Swan National launched its all-Jaguar fleet this month. The writing may not be on the wall for the company car, but it is increasingly less of the icing on the employment cake and more and more a bread and butter tool.

Arthur Sandles



Mr Chris Kelly, managing director of Hertz (UK), and Mr Richard Kirkman, vice-president and general manager, and Mr John Hambly, sales and marketing director, both of Hertz Europe, with a print-out from Hertz's booking system which was computerised in Europe this month.

COMPANY PROFILE

Hertz

DESPITE the recession and the ever increasing competition in the car hire and leasing markets 1981 was a relatively good year in Europe for Hertz, the U.S.-owned multinational.

Hertz Europe, including the UK operation, achieved a 20 per cent increase in revenue and a 10 per cent volume increase during the year. Detailed figures for the UK operation are not yet available but Hertz say they are in line with the general European performance.

One area, commercial vehicle contract hire, proved unprofitable because of the "suicidally low tariffs" charged by vehicle rental competitors.

In December, Wincanton Vehicle Rentals, part of the Unigate group and one of

Britain's fastest growing specialist transport groups, took over Hertz UK's commercial vehicle contract hire fleet.

This was the second time in less than five years that Hertz had sold this part of its business. The fleet was sold to Godfrey Davis, the vehicle hire and rental group, in 1975 but a year later Hertz began trading in contract hire again.

The largest aspect of Hertz's activity in the UK remains its car hire although Hertz, a subsidiary of the RCA Corporation, is the largest retailer of secondhand cars in the world.

Over the last three years the structure of car fleets has changed with greater emphasis on smaller, more economic cars, although there is still great interest in chan-

four-driven luxury cars.

Tariffs were brought down by Hertz last summer, at the height of the season's car rental battle, but the company was the first of the big rental companies in this country—which include Avis, Europcar and Swan—to increase prices during December.

However, Hertz says its tariffs are more competitive with the introduction, in line with U.S. policy, of unlimited mileage after two days. And more efficient with the introduction of a computerised booking and check-out system.

Last year Hertz opened 14 branches in the UK, bringing the total to more than 80, after cutting back branches in the mid 1970s.

L. W.

Wider choice in ways of financing fleets

A COUPLE of years ago there was one obvious solution for any company considering how to finance a fleet of company cars—leasing. Not only was leasing a way of borrowing money over a period, but the different tax rules on leasing a car or buying it outright were heavily weighted in favour of the former.

This is the reason car leasing took off between 1976 and 1979. Since then the tax rules have been more or less equalised and companies once again have a wider effective choice on how to finance fleet purchases. This can range from outright purchase, to hire purchase or leasing. And of course there are a variety of ways to fund an outright purchase—either through raising money in a bank loan—short or long, issuing debentures or even raising fresh capital.

Commercial vehicles now have considerably more favourable tax treatment than cars, with 100 per cent first year capital allowances attached to them, whether they are bought outright or leased. (However, cars still qualify for the 100 per cent allowance when obtained for business hire.)

One of the original attractions of leasing was that capital items could be purchased "off-balance-sheet". Neither the item nor the associated contingent liability of paying rental

appears on the balance sheet, so a company can appear less geared than it might if the item was included. However, this benefit can no longer be counted on since an exposure draft has been released by the accounting bodies, which proposes that leased equipment is put back on to the balance sheet.

Assets

About 70 per cent of all new cars are purchased outright by companies and the vast majority are still self-financed with leasing and contract hire accounting for somewhat less than 20 per cent. This is a small proportion in comparison with the U.S. where up to 80 per cent of company fleets are non self-financed.

The popularity of leasing has been based on the tax system, which after 1972 allowed buyers of assets to claim 100 per cent relief in the year of purchase. Businesses such as banks, which would not normally buy anything like sufficient assets to match profits for their own use, soon began to buy assets and pass them over for the use of manufacturers and others through a leasing agreement.

In practice this meant the investment incentive was shared, through the rates, between the lessor who was deferring his tax liability until he has to pay tax on his rental

income (which he could use to finance further leasing deals) and the lessee for whom the rental would be much less than the interest rate burden of buying outright.

The growth rate for all leased assets is indicated by the figures of the Equipment Leasing Association, whose membership is dominated by the big banks and which claims to account for up to 90 per cent of the market. In 1971 ELA leasing was £159m; by 1980 it totalled £2.4bn.

Within this total there has been a steady rise in the leasing of commercial vehicles. In 1977 the figure was £114m, rising to £267m in 1980.

Car leasing was originally slower to get off the ground. The way was cleared by two decisions of the special commissioners for taxation in 1975, which ruled that cars could be treated in the same way as other equipment. Combined with looser credit controls introduced in July 1977, this allowed car leasing to take off. From £6m in 1976, the ELA figure rose to £468m in 1978. Since then it has come down rapidly again, as the Government aimed at removing the anomaly whereby a leased car enjoyed a 100 per cent first year capital allowance and one bought outright only 25 per cent. This in fact took two Budgets—in 1979 and 1980.

Until the 1980 legislation cars could still effectively obtain a first year allowance higher than 25 per cent in leasing deals by being pooled with assets which obtained a 100 per cent allowance. However, the 1980 Finance Act killed this possibility. So it was no coincidence that ELA car leasing business fell to £343m in 1980, the latest year for which figures are available.

Tax treatment

The main outstanding area in which there is different tax treatment between leasing and purchase concerns cars costing more than £5,000. Above this level capital allowances available for outright purchasers tend to be more restricted than allowable rental payments by lessees.

With this exception, however, there is very little difference in terms of tax treatment between leasing and, for instance, hire purchase. So it is not surprising that the different forms of financing have tended to merge in this area and throw off many hybrids in the last couple of years, given the innovative nature of the industry.

Among the novel hybrids are lease purchase, while operational leasing has been gaining in popularity, in which the lessor provides a full manage-

ment service.

Nevertheless, if a company has enough taxable capacity of its own, along with good specialist vehicle fleet management, it may prefer to purchase outright. Often this can be done within cashflow, especially where the level of business has been relatively stable over a number of years.

A bank is the first place companies turn to for outside finance. But, while an overdraft is suitable for short-term debt, it may not be the best option for an investment with a life of perhaps five years or more. So banks may direct customers towards term loans more directly linked to the life of the assets acquired.

A quoted company can try to raise capital directly from shareholders by way of a rights issue. More acceptable, perhaps, will be the issue of loan stock convertible into equity after a period of years. This is a way in which companies can prevent debt dragging down their capital gearing beyond a definite period. However, recent issues of this type have not been sparkling successes. Nevertheless, it seems more likely that this device will be used than that debentures, a traditional form of debt financing that has been out of favour for a decade, will make a major comeback.

D. F.

"I was so impressed by the new Cavalier, I bought 700."

TONY GRIMSHAW, DEPUTY MANAGING DIRECTOR, SWAN NATIONAL CAR RENTAL



"We're now Britain's No. 1 company in business car rental. One of the reasons is that we're the most competitive on rates. So when we look at new cars, we have to cast a very professional eye on them.

Vauxhall invited me to check out the new Cavaliers, and I loved them on sight. They're stylish and very well specified. The new hatchback is exceptional, and the saloon has got this incredible 18 cu. ft. boot I know my customers will like the look of them as much as I did."

And when I checked the fuel figures, I was even more impressed. 29.4 mpg around town, and 46.3 mpg at 56 mph from the 1600S. That's going to appeal to our customers too. And so is the power. The 1600S pushes out 90 hp, which compares favourably with many two litre cars. But what finally convinced me were some of the less glamorous features about the car.

Features that we have to pay close attention to if we're to continue running a successful operation.

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We never need to adjust the tappets. Just one hour to replace a front wing. And so on. Vauxhall have really thought this car out beautifully from the operator's point of view.

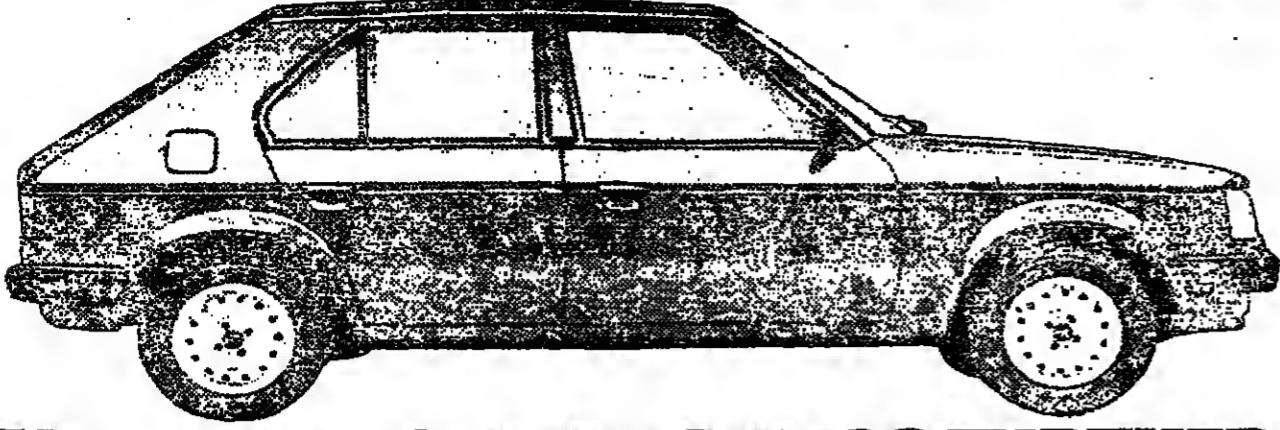
What could I do? Immediately I put down an order for 260. And our customers were so delighted with the cars that I've now ordered 440 more.

So if you'd like to rent a new Cavalier for a few days, just give me a ring on 01-995 9242."

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AND TAKE YOUR BUSINESS FURTHER.

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3. Electronic ignition for easy starting, plus a diagnostic system for better servicing.

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5. Advanced front wheel drive.

However, if you feel the 1.3 LS is not quite the car for you, try the Horizon 1.1, 1.5 or indeed any car in the Talbot range—Solara, Alpine, or Tagora. Whichever you choose, you can be assured of extremely competitive leasing rates.

*Figures quoted exclude road fund licence and are based on a 3 year lease term with an initial 2 months advance rental of £289.98 followed by 33 equal payments of £99.96 commencing one month after delivery. One final rental of £2,000.00 is required on completion of the contract (this amount is designed to correspond to the expected resale value of the vehicle). VAT is applicable to all rental payments.



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For further details on our incredible Horizon 1.3 LS dealing the Talbot Lease Hotline, Birmingham 021-643 4477. Or check Yellow Pages (Car Leasing and Contract hire section) for your local Talbot Lease Dealer.

**DOE Figures Horizon 1.3 LS. At steady 56 mph—48.7 mpg (5.8 L/100 km). At steady 75 mph—37.2 mpg (7.6 L/100 km). Urban Driving—36.2 mpg (7.8 L/100 km).



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VEHICLE FLEET MANAGEMENT IV

BL chases Ford's lead in UK car fleets

VOLVO Concessionaires, the Lex Group subsidiary which imports the Swedish-built cars, has the unusual policy of actually discouraging sales to fleets.

Any purchase of 10 cars or more by one company must have the approval of a Concessionaire director. "We are not in the business of supplying 200 or 300 cars to any company," says Dr Jim Maxmin, the managing director.

The reasoning is logical. Volvo has been tremendously successful—and profitable—in recent years by growing steadily but slowly, allowing time for the dealers to "grow" along with the business which last year reached a record 3 per cent of the car market in unit terms.

One of Volvo's main strengths is that its cars do not depreciate as fast as some of its rivals. Steady growth helps the company control the flow of used cars to the market and keeps up residual values.

Despite its aversion to sales to big fleets, most of Volvo's big cars are sold to business users, often owners of small businesses. There are the occasional suppliers to big fleets—the Avis car hire company has 100 Volvos in Britain.

All the car companies operating in Britain make attempts to capture some business-user sales because the company car element in vehicle registrations in the UK is such a large one.

When it comes to big fleet business, two elements seem essential: a large dealer network and a broad range of cars. Ford, for example, has about 1,200 dealers and reckons this puts every customer within five miles of one of its retail outlets.

At the same time the company suggests its range has cars suitable for everyone in any corporation who needs one—from the trainee sales rep to the chairman. You can put the rep on the road in a Fiesta Popular while the big boss has to make do with a Granada Ghia 2.0.

It is no wonder Ford dominates the car fleet business in Britain. Six out of every ten of the 459,363 cars it sold in Britain last year went to major fleet customers, defined by the group as those with more than 25 cars.

This did not happen overnight. Ford spent many years carefully building up its fleet sales, recognising there is more to success in this sector than simply having a big dealer network.

The group is keen to ensure that all its dealers are trained to cope with fleet business—which is very different from dealing with private customers. To sell to a corporation the salesman needs to be a specialist capable of selling in a business-industrial environment who

can understand his customers' business problems.

This requires an investment in time and money as well as training. While Ford, like all other UK-based manufacturers, leaves its dealers to handle the formalities of any sale, it tries to provide the right price structure and value-for-money features for its cars. In this context the group invites a number of fleet managers to get involved when any new product is on the way.

BL reckons it is the one company in a position to dent Ford's position in the fleet market—to start with the group still has 1,700 dealers.

By 1984-85 BL should have on the road the LC11, the medium-sized saloon designed to compete head-on in that part of the market currently dominated by Ford's Cortinas as well as the Renault 5.

Mr Mahony set up five regional fleet sales-and-service offices, each under its own manager. Sales and service were merged. He insists this enables BL to respond much more quickly. "Fleet operators now know who to speak to in BL about company cars."

Low cost

The group made between 200 and 300 presentations last year to emphasise the positive changes made to BL's car range and the claimed low cost of operating BL vehicles.

Mr Mahony suggests a major fleet can save £500,000 to £1m a year on running costs.

This effort was backed up by 6,000 meetings, face-to-face, between BL fleet representatives and individual operators plus service matters.

In the meantime some of the policies BL is following to strengthen its fleet operations have a Ford-like quality. Perhaps that is because two years ago the group drafted in Mr Brian Mahony from Ford and he is now BL's fleet sales director.

The dealers are encouraged to improve used-car values by better use of second-hand car sites, used-car reconditioning, and merchandising.

All this activity seems to have had the desired effect as far as BL is concerned because its share of company car sales last year jumped from 13.4 per cent to 19 per cent. The group made some significant "captures" — taking a Granada TV Rental contract from Vauxhall and Visionhire from Ford.

General Motors last year

COMPANY PROFILE

Heron

Heron Fleets and Leasing, part of the Heron Motor group is one of the smaller competitors in the crowded car leasing market, but is adopting a more aggressive sales approach this year in an effort to increase its share.

According to Mrs Jean Denton, the newly-appointed managing director of the company, it is likely to acquire about 2,000 new vehicles in the coming year and foresees increased demand for high specification, mid-range cars.

She believes that the difficult conditions experienced last year in the corporate sector are now easing with companies having made most of the cost reductions and redundancies they believe necessary. Now they are facing up to vehicle requirements for the next few years.

"If companies are expecting their employees to work harder, they cannot expect them to drive around in old cars," she said, adding that one of the options now worth considering was complete fleet replacement. "We will hand over a cheque for existing vehicles which a company can use for other more pressing purposes," she said.

Heron also intend to step up its volume of information to potential customers, allowing them to evaluate for themselves exactly what bene-

COMPANY PROFILE

Swan National

Swan National Group, which operates a fleet of 7,000 vehicles rented on a daily basis, and 5,000 leased, believes it has now fully overcome the problems which resulted from the severe downturn in UK business in 1980 and looks forward to progressively better demand this year.

Mr Freddy Aldous, managing director of the company, said that the industry as a whole had suffered from overcapacity and rapid depreciation of vehicle values during 1980, and spent much of last year tightening up its operations.

This had been particularly evident in the short-term rental market, where costs increased most rapidly, and some of the difficulties were still evident in leasing, where the turnover of cars was about every two years.

According to Mr Aldous, Swan experienced a slight growth in business last year, in line with the overall market, but achieved a breakthrough in airport locations by becoming established at Heathrow and Edinburgh airports, in addition to its existing presence at Prestwick and Luton.

New arrival

Moreover, the company has also won the concession at Glasgow airport. "This is really significant for us since we are the only new arrival at airports in the past 10 years," Mr Aldous said.

Around two-thirds of Swan's business is now provided by corporate customers, and it has recently introduced a card system which allows executives to rent cars without any paperwork to delay the transaction.

The major growth area is seen by Swan as contract hire, since new car prices have outstripped the inflation rate in the past year and companies are not inclined to use valuable capital resources if they can avoid doing so through leasing arrangements.

The cost of replacing car fleets, now often above the £1m mark, has come as a shock to many boards, Mr Aldous believes, since the decision may have been deferred for a time due to the recession and depreciation has been high.

Although only about 10 per cent of Swan's business is in commercial vehicles, there have been signs of improvement in demand during the past few months after a difficult period.

In an effort to exploit the London luxury-car market, Swan is making a fleet of 20 Jaguars available soon from a location in Westminster, and it believes this number will double by the end of the year in response to demand.

This service is aimed largely at the company customer, and Jaguars have been chosen to compete against the many foreign luxury cars offered in London because Mr Aldous believes they offer the best combination of status, ride and luxury available for the price.

Perhaps the most significant event in the fleet market this year will be the run-out of the old Cortina which is not only the fleet's favourite car but, as a result, Britain's top.

Cortina will be replaced at the end of the year by the Sierra, by all accounts a dramatically different vehicle although one which will still have the engine driving the rear wheels.

Ford says there are good engineering reasons for staying with rear-wheel drive in this size of car when all its rivals (including GM, BL and Datsun) are switching to front-wheel-drive.

The rivals suggest that Ford simply could not afford the extra cost of switching to front-wheel-drive.

However, Europe in general and the UK in particular have always accepted a mixture of front and rear-wheel drive models and there is no reason to believe Britain will follow the U.S. to front-wheel-drive for all cars of Cortina size.

Kenneth Gooding L. B.

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VEHICLE FLEET MANAGEMENT V

Computer-based routing comes of age

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ware packages which fulfil the basic requirements of route scheduling. The best known are probably...

documentation for loading and delivery, and also produces management reports. It does not need a large computer...

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premise is essential for daily scheduling. Datasoft, run by Tempo Timesharing for British Road Services...

operator with over 20 trucks would find Microdrive cost effective. Allied Breweries Computer Analysis System (ABCAS)...

YOU CUT THE COUPON. WE'LL CUT THE HASSLE. It's after you've chosen your vehicle that Ladbroke Leasing really helps...



BRS trailer rental is just part of its wide range of activities, 40 per cent of which is concentrated in contract hire

COMPANY PROFILE

BRITISH Road Services, Britain's largest contract hire company, has wide transport industry interests...

puter link enabling information to be fed directly to BRS on vehicle requirements. The company believes that its structure...

COMPANY PROFILE

Budget

Budget Rent-a-Car, an American-owned company which was established in Britain in 1966...

Around 70 per cent of the 5,000 vehicles operated by Budget are cars, while the remaining 30 per cent are vans and light trucks...

Budget, owned by the Transamerica Corporation, is claimed to be the world's third largest rental company...

Franchising

Mr Ian Gamage, marketing director of Budget, pointed out that the five largest rental companies in the UK...

CUT, CUT, CUT... Most directors with responsibility for finance and funding will have been involved in expenditure budget cuts...

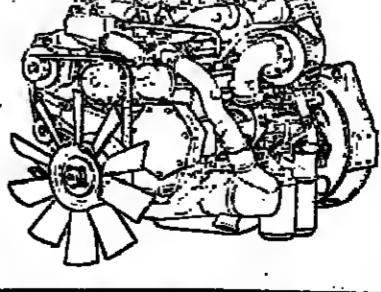
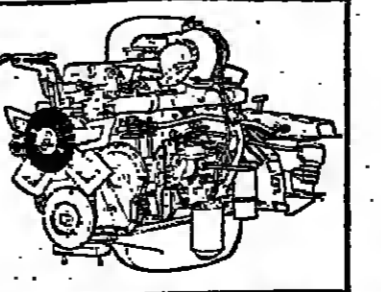
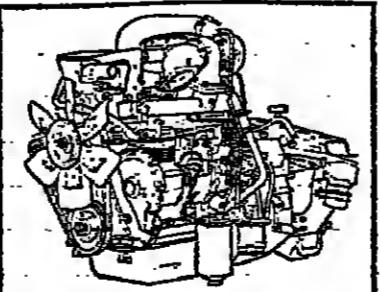
Although Budget was not benefiting directly from higher demand for leased commercial vehicles, this was fitting...



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Table with 3 columns: Engine, Power Output, Torque. Rows include 3.6 litre turbo, 5.4 litre turbo, 8.2 litre turbo, and 8.2 litre turbo.



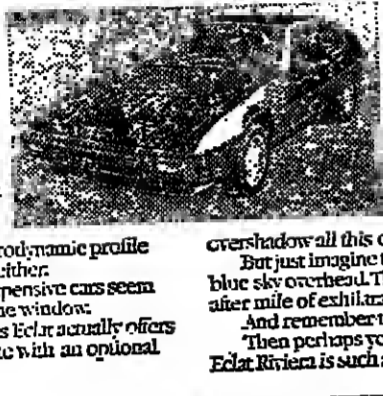
BEDFORD TL WITH TURBO

VEHICLE FLEET MANAGEMENT VI

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Don't worry... We haven't really changed the Eclat...



All for around £15,000* Of course, in the light of so much excellence...

Lotus Exclusivity comes as standard.

Form with checkboxes for Lotus car features like 'Expert Tuning' and 'Tank Upgrade'.

FLEET MANAGEMENT by an external agency is continuing to prove attractive to companies...

contract hire the customer buys a fixed period contract... Mr Rowe said: "If a customer rang us and wanted 5,000 cars within a month..."

European rationalisation of car plants. Mr Rowe said: "If a customer rang us and wanted 5,000 cars within a month..."

purchases has introduced a charge card for service maintenance and repairs. Garages however—as in the case of those working on Geico cars—have to receive full authorisation...

COMPANY PROFILE Godfrey Davis Europcar

THE £22m acquisition of Godfrey Davis (Car Hire) by Europcar, the Renault subsidiary...

Print out

Geico has a network of 7,500 accredited service depots in the UK. Repairs or maintenance cannot be started without a print-out from the Manchester headquarters...

L. W.

UK freight led by the lorry

THE OPERATION of commercial vehicle fleets was bigger business in 1980 than it had ever previously been in Britain...

Government proposals, fleets of lorries are certain to continue to be needed by industry and the household. Lorries serve almost all the 100,000 industrial premises...

COMPANY PROFILE Kenning

THE Kenning Motor Group, which has wide interests in the motor industry aside from its rental and leasing operations...



Isn't it time you contacted Royal Mail Parcels?

Royal Mail Parcels advertisement with text about delivery services, a coupon, and a form for contact information.

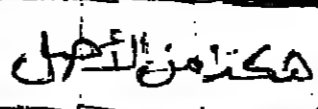
More good

A table produced by the NFC for the Foster Inquiry into road haulage operators' licensing showed that as the permitted size and weight of vehicles had increased...

Most of the other categories also showed a substantial drop in the utilisation of the lorry. This identification of inefficiencies in the operation of existing heavy lorries...

L. McF.

VEHICLE FLEET MANAGEMENT VII



COMPANY PROFILE

Wincanton

THE TRANSPORT operations of the Wincanton Group, part of the giant Unigate dairy and food products group, have become one of the most successful stories in the competitive field of road transport in the early 1980s.

The Wincanton Group as a whole showed lower, but disclosed profits in the year to March 1981, compared with the previous 12 months. Set against this, however, was the performance of the transport subsidiaries of the Wincanton Group.

These subsidiaries include Wincanton Transport, where profits, again, disclosed by Unigate, improved in the last financial year compared with the year to the end of March 1981.

The vehicle hire subsidiary, Wincanton Contracts, which specialises in contract hire and rental of cars, and Giltspur Motor Industries, an acquisition in the last financial year.

In the commercial vehicle sector, the Wincanton Vehicle Rentals subsidiary has one of the fastest recent growth records of any company in the truck rental.

The vehicle rentals company has been opening new depots and garage branches at a rate few, if any, truck rental companies in Britain could hope to match over the past few years.

Wincanton has at its disposal a fleet of 3,500 commercial vehicles and 4,500 cars for rental and contract hire.

These funds became available when Unigate, the parent company of Wincanton Transport and its subsidiaries, sold its milk revenues to the state-owned Milk Marketing Board for £27m in 1979.

Fleet car sales: a hat trick for Ford

THE Ford Cortina has been top dog in the UK fleet car market—and in the overall UK market—for so long that its presence at the head of the list of 10 best sellers has come to be taken almost for granted.

The record was repeated last year. Almost 350,000 were sold—more than one in ten of all new cars. Ford scored a hat trick with the Escort placed in second and Fiesta third. The Escort was nearly 20,000 units behind, however, and the Fiesta nearly 50,000.

The direct rivals in the medium-sized Cortina offered by other manufacturers, in relative terms, got little more than a look in.

BL's Morris Iral, like the Cortina, facilitated over the years but never to the same extent, sold at a rate of less than one-third that of the Cortina; under 49,000.

The situation changed in the space of a month towards the end of last year. Vauxhall launched its new front-wheel drive Cavalier—the European version of the General Motors "world" J-car—to considerable critical acclaim.

BL's joint car with Honda, the Triumph Acclaim, followed hard on its heels, to equal enthusiasm.

Neither car is about to topple the Cortina from its pedestal overnight. BL has set a target of 3 per cent of the total market for the Acclaim, a three-box saloon, but with just one engine specification—of 1.3 litres—and originally conceived as appealing more in private buyers' of detroit Triumph Diogenites than fleet managers (an attitude which has since changed).

Vauxhall makes no bones about the Cavalier being its competitor to the Cortina. It has yet, indeed, to acquire the engine capacity spread of the Cortina—the 1.3 and 1.6 litre units available now may eventually be expanded upwards to 2 litres while the Cortina ranges from 1.3 to 2.3 litres. But it closely matches the Cortina in equivalent price ranges and, as might be expected of a new engine series and design, performs better and is more economical.

One of the other threats to the Cortina is internal. The past year or so has seen a marked trend by companies, under the pressures of recession, towards smaller, more fuel efficient cars. The effect on the Cortina has not been too dramatic, because sales last in the Escort at the bottom end of the range have been offset at the top by a shift down from Ford's largest car, the Granada, sales of which have slumped from 52,000 in 1979 to 25,000 last year.

The other, lesser threat—but one that has recently been rearing its head—has been the practice by which companies have offered their employees a price band within which they can choose a variety of cars. This had led to a considerable number of "traditional" imported cars (rather than "captive" imports of, say, German-built Fords) appearing in the fleet sector.

Chipping away Yet such is the strength of Ford's position that the combined effect of all these developments is likely to be only a steady chipping away of sales during the coming months. By then its rivals will be casting anxious eyes towards the UK motor show and what will finally emerge, after nearly 20 years, as the Cortina's successor.

If the Sierra, as it is expected to be called, does indeed look anything like the Probe III research vehicle Ford showed in Frankfurt last year—as some rumours suggest—it will be radically different from its predecessor, with a rounded, aerodynamic shape, and with its 1.6 litre engine still driving the rear wheels. Ford says it believes that rear-wheel drive is still appropriate for a medium-sized car where the intrusion of a transmission tunnel is not so disadvantageous as in smaller vehicles.

The Cortina name itself is not expected to die, but to be passed on to an upcoming version of the Escort to be equipped with a full boot rather than a hatchback.

The Sierra will be launched just a few months before the first of the LM 10 range, on which BL is depending even more than the Metro for its revival, is due to appear. That will be a hatchback with engines expected to range from the 1.3 litre A-plus engine used in the Metro, through a

developed version of the E series unit used in the Maxi and Allegro (both now out of production) and possibly the 1.7 and 2 litre 0-series engines. The hooted LC 11 model which will be the Cortina/Sierra's most direct rival, is due in 1984.

Further up the fleet range, competition is continuing to hot up. On January 20 Renault launched a revised range with considerable improvements—including a lengthened rear window to ease parking problems—and, most significantly, a 2-litre model (using a tuned version of the O-series engine). This was a major step, because of the 2-litre cut-off point established by many companies for less senior management.

It is shortly to be followed by the Ambassador, a much reworked version of the Austin Princess which incorporates a third side window, a long-awaited hatchback and an even more streamlined front end.

Both BL models loom as major competitors to the more expensive versions of the Cortina and the Granada which, despite its drop in sales, remains the best-selling executive level car and which was the subject of a £50m improvement programme towards the end of last year.

The past year has also seen Talbot's entry in the executive car field make its appearance, the Tagora. While it has been generally well received by the motoring press, it has yet to make a serious impact in the executive fleets, however. Sales were just under 1,000 in 1981, although it was not introduced until the middle of the year.

Talbot's hopes for reviving its market share, which has slid to under 5 per cent, must now, therefore, rest on its smaller models. A 40 per cent improvement in its UK plants' productivity has led to the assembling of the Horizon hatchback model in the UK as of last month, and it should benefit considerably from the Samba, its new,

French-built Metro competitor for which a constant 56 mph fuel consumption of over 60 miles per gallon is claimed.

The small hatchback field is also being vigorously ploughed by Vauxhall, which has recently started assembling the Astra, formerly imported from West Germany where it is sold as the Opel Kadett. The demarcation line between small-sized and the traditional medium fleet saloon became further blurred at the start of January when a 1.6-litre version of the Astra was launched under £200 more than the 1.3-litre model and giving sports-type 110 mph performance.

All of this tends to make the task of traditional importers trying to break further into fleet markets that much more difficult. Nevertheless, Volkswagen, with its recently launched new Polo, says its "supermini" has already got 4,000 orders from fleets.

The stiffening competition has prompted a drive by importers to improve backup services for company purchases. Alfa Romeo, in particular, has just launched extended warranty schemes and a five-year anti-corrosion guarantee aimed at improving residual values proved an inhibiting factor to fleet sales in the past.

Meanwhile, there is no real sign in the UK of the boom in diesel car sales being experienced elsewhere, particularly in the U.S. They still account for less than 1 per cent of registrations, and although Renault in particular has committed itself to sales drives for its Renault 18 diesel models this year any real uplift is likely to come only if there is a further widening of the price advantage of diesel fuel. That is unlikely until such time as domestic manufacturers such as BL and Ford have their own units in production. Both have them on the stocks.

John Griffiths

Rapid growth of contract hire

THE CONTRACT hire of commercial vehicles has become the most rapid area of growth in the road freight transport sector, with benefits for haulage operators and industrial companies operating trucks on their own account.

Contract hire costs are borne out of day-to-day revenues from transport operations. Application of the scheme, as operated by the growing number of fleet service companies with specialist contract hire arrangements, can have the effect of releasing capital. This capital could otherwise be tied up in the conventional outright purchase of commercial vehicles.

The continued effects of the slump in demand for industrial and consumer goods on the road freight transport sector have centred the minds of specialist haulage companies and industrial users of transport. No longer do operators and companies have the confidence to buy commercial vehicles outright in the same numbers as they did before the onset of the recession.

Decline Talk of the recession bottoming out has had little effect on demand for commercial vehicles. Last year output of commercial vehicles dropped to 230,100 vehicles, 41 per cent down on the 1980 production, and the lowest figure since 1949.

In contrast to this spectacular decline in total commercial vehicle production, the specialist contract hire sector has bucked the trend in ownership of new vehicles. Some of the leading contract hire companies in this field report exceptionally good business for motor tractor units, the powered cabs seen pulling container-size loads or flat-bed trailers.

The simplest form of contract hire involves the hiring of a vehicle or a fleet of vehicles for a period of time agreed between the contract hire fleet owner and the customer, an industrial company or a haulage operator seeking extra transport capacity at short notice.

The usual period of a contract hire management is between six months and about five years. This arrangement can be varied, however, to provide the customer with more than just the vehicle. The most usual variation involves the supply of a driver with the vehicle.

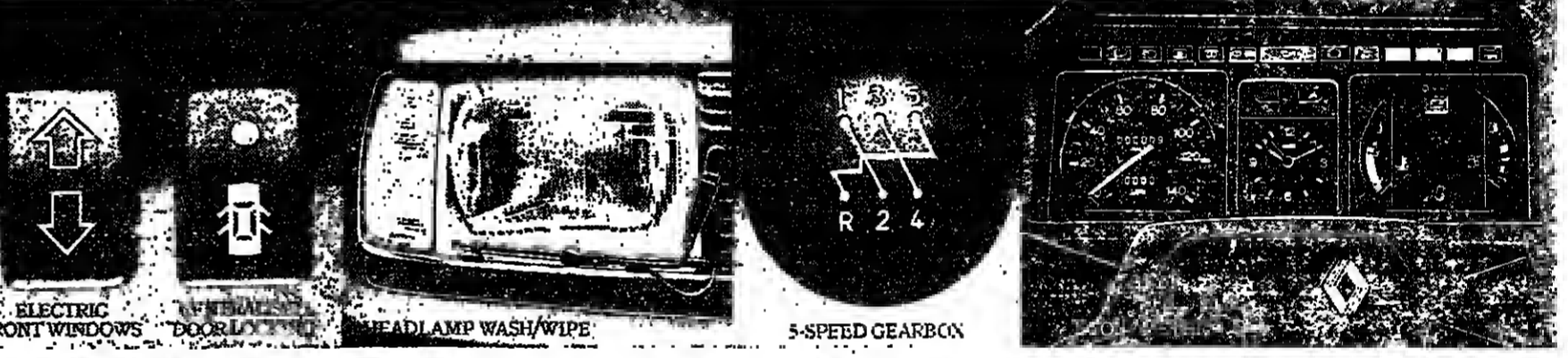
In all cases, however, the company which supplies the vehicle also takes responsibility for the operational support of the truck or light van. Responsibility for meeting the statutory operator's licence requirements rests with the company which supplies the driver.

In these simplest forms of contract hire, the customer can expect to benefit in two main ways. First, the customer has no capital to find; the vehicle, often brand new, is supplied and paid for out of the revenue earned by the vehicle. The cost to the customer is limited to regular and steady payments, usually once a month, and this can be an aid to tight control of costs and operating margins.

The second advantage has led many contract hire companies to develop the ultimate refinement of the contract hire concept, the developing management tool of "contract distribution."

Under this arrangement, a wide range of the management tasks usually associated with road freight transport operations is taken over by the company supplying the contract hire vehicle or fleet of vehicles.

This all-embracing approach to contract hire is growing rapidly in popularity. The contract hire company offers to take over all aspects of a company's transport and distribution operation, including, in the ultimate form, the management of transport and the decision-making which goes into route planning for product distribution.



When Renault fit the luxuries, they don't forget the necessities.

If it's a necessity to squeeze as many miles out of every pound as possible—especially for a fleet operator. The Renault 18GTL will do just that. It's not only one of the most luxurious cars in its class it's also the most economical: giving up to 50.4 mpg at a steady 56 mph* (That even beats smaller cars like the Ford Fiesta 1.3GLI.)

But when you do use them, you'll find that we aim to have Renault parts available within 48 hours. And, with our diagnostic servicing system, potential defects are spotted before they can become costly. Renault give priority to fleet-car operators so you'll find the Renault 18GTL is readily available. So are all the other models in the Renault 18 range. There are eleven to choose from including a diesel, a turbo, estates and automatics.



NEW RENAULT 18GTL 50 MPG

Government Test Figures: Renault 18GTL: simulated urban cycle 32.5 mpg/8.7 litres per 100km, constant 56 mph 50.4 mpg/5.6 litres per 100km, constant 75 mph 37.7 mpg/7.5 litres per 100km. *Ford Fiesta 1.3GLI: simulated urban cycle 31.4 mpg/9.0 litres per 100km, constant 56 mph 44.1 mpg/5.4 litres per 100km, constant 75 mph 33.6 mpg/8.4 litres per 100km.

CONTRACT HIRE OR LEASE A SMALL CAR FOR A SMALL PRICE. Includes images of various cars and contact information for Arlington.

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RENAULT Fleet. Scotland, Northern Ireland, Northern England, Central Region, South West Region, South East Region, Head Office. Includes contact details for various regions.

EUROPEAN GLASS INDUSTRY

A cosy arrangement shatters

By Ian Rodger

TWO YEARS OF DRAMATIC CHANGES IN EUROPE

Table with 4 columns: Company, Number of float lines, Capacity (t/annum), and early 1982/early 1981 data.

Source: La Compagnie de Saint-Gobain

A CLASH of Titans is underway in the European glass industry. The beginning of marketing operations this month by new entrants...

employees they did not need. Initially, this problem was eased because companies found they could charge prices for float glass related to the high value customers placed on it.

1979 and has since fallen some 11 per cent to an estimated 11.1m units last year. Glass producers are shy about revealing their price lists...

Lombard Pyrrhic win for Budget wets

By Samuel Brittan

THE LACK OF economic sophistication of the self-proclaimed "wet" opponents of the Government's financial strategy is playing into the hands of Treasury strategists.

'They really have been rather badly brought up'

Glass producers' passions run high on the subject of Guardian Industries, a small family glass fabricating business in Michigan that 11 years ago dared to start making its own glass.

There was a lengthy discussion and negotiation period before we agreed to take out a licence. Mr Richard A. Griffin, Guardian's treasurer, admits.

group of them got together and formed a joint venture with the young US producer called Luxguard.

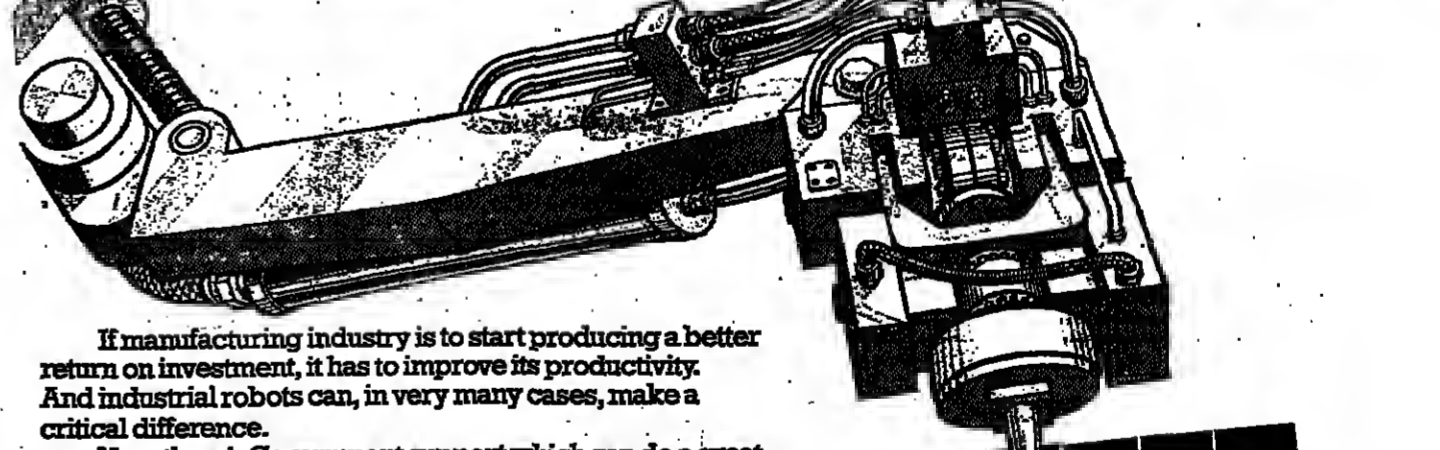
in each national market in Europe, not just two as before. Luxguard reports that it is selling all the glass it can produce in its current start-up phase...

Letters to the Editor

A better flow of sweet water. Through ODA this Government have sponsored increased funds to be used specifically for water projects.

has been no weakening in their resistance to a change to proportional representation. The unjustness of the first past the post system...

What's it costing your company to ignore industrial robots?



Advertisement for industrial robots with text: 'Government support for industrial robots. Please send me full details of the Government's robot support scheme.' Includes a form for name, position, company, address, telephone, and type of products.

Corporation tax reform. From Mr C. Dauris. Sir - The authors of the Green Paper on Corporation tax seem to set limits to the discussion.

Telecom advertised extensively in the national Press their Telemessager service which will guarantee delivery of a 50-word message the morning after it is received by British Telecom.

Insuring the building. From Mr R. Howe. Sir - Eric Short on building insurance (January 2) brings to light the constant attempts of the insurance industry to increase its charges.

Consider changing the system. From Mr A. Jacobs. Sir - It is ironic that the two main political Parties having opposed proportional representation for many decades...

Avon Rubber confident after reorganisation

DESPITE industry problems continuing to affect the group's tyre businesses, Avon Rubber is confident that a sound base on which to build has been provided by the £3m restructuring of last year together with progress already achieved in new business areas.

to: Tyres/Motorway £91.46m (£88.19m) and £512,000 loss (£1.06m profit); Bridgend £5.06m (£10.82m) and £953,000 loss (£331,000); industrial polymers £27.99m (£27.5m) and £19,000 profit (£25,000); medicals £21.49m (£5.7m) and £203,000 loss (£797,000); inflatable tires £5.52m (£5.26m) and £106,000 loss (£656,000); Lippiatt Hobbs £19.29m (£17.26m) and £1.19m profit (£1m); associates profits £101,000 (£125,000).

Eagle Star bonus rates raised

HIGHER BONUS rates for 1981 have been declared by the Eagle Star Group, with the company moving on to a "super-compound" system for ordinary life contracts.

Here the rate on the basic sum assured remains at 5 per cent but that applied to attaching bonuses is lifted by 1 to 2 1/2 per cent. The terminal bonus for claims in 1982 is improved from 25 per cent to 30 per cent of attaching bonuses.

Camford loss moves to £1.46m

INCREASED SECOND half taxable losses of £1.15m, against £831,000, brought the total losses for the year to September 30, 1981 of Camford Engineering to £1.46m compared with profits of £376,000. Turnover for the 12 months fell from £32.64m to £33.44m.

year's figure was the surplus on the disposal of land and buildings. As announced on August 28, 1981 an internal investigation into the affairs of a subsidiary revealed discrepancies in its accounts resulting from the falsification of accounting entries by a former employee.

FT Share Information

The following securities have been added to the Share Information Service: Greenwich Cable Communications (Section: Leisure) 21st Century Distribution Corporation (Leisure)

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year".

Table with columns: Date, Announcement last year, Dividend, Date, Dividend, Announcement last year. Lists various companies and their dividend details.

Sterling Trust revenue slips

Revenue attributable in ordinary shareholders of the Sterling Trust slipped marginally from £1.59m to £1.57m in 1981 with the earnings per 25p share stated at 9.55p against 9.71p.

United States & General rises to £932,930

REVENUE attributable to ordinary shareholders of the United States and General Trust Corporation advanced from £886,333 in 1980 to £932,930 in 1981 and the final dividend is being raised from 6.5p net to 7.5p per 25p share, making a total for the year of 1.5p against 10.5p.

Downturn at Midland Trust

Net revenue of the Midland Trust fell from £131,057 to £121,149 in the first half ended December 31 1981, and earnings per 25p share are stated down at 2.87p, compared with 3.55p. However the interim dividend of this investment trust is being maintained at 2.45p net per share.

Watts, Blake, Bearne expands in Germany

Watts, Blake, Bearne and Company, a subsidiary of Fuchs'sche Tonwerke is acquiring from Westwälder Keramik-Massen-Aufbereitung assets relating to the production of prepared body compositions, which are sold ready for the fabrication of ceramic articles.

and Peter Fuchs KG - a limited partnership controlled by Mr B. Fuchs - certain properties, namely the freehold reversion in the head office and adjacent land and buildings, 5.7 hectares of land and six mineral concessions nearby at Wirges and an option to acquire a further 12.5 hectares of land at Ransbach-Baumbach. The option is exercisable on or before December 31, 1982 at \$6,944 per hectare.

KELSEY INDUSTRIES Ltd. Statistics from the Report of the Chairman, Mr. J. G. Moss, and the accounts for the 12 months to 30 September 1981. Table with columns: 1980/81, 1979/80. Rows include Turnover, Direct exports, Profit before tax, Profit after tax, Ordinary dividends, Total funds retained, Net assets, Earnings per share.

Put service and contract hire together and the answer is MANN EGERTON VEHICLE CONTRACTS LTD

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Gnome Photo optimistic

TAXABLE PROFITS of Gnome Photographic Products, which makes and sells photographic and optical equipment, fell from £133,071 to £126,509 in the first half to November 30 1981 on increased sales of £795,381 compared with £700,245.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available in ordinary dividends are intended or final and the subdivisions shown below are based mainly on last year's results.

Table with columns: Company Name, Date. Lists board meeting dates for various companies like Gairdell Lloyds, Gairdell Lloyds, Gairdell Lloyds, etc.

Table with columns: 1981-82, Price. Lists stock prices for various companies like Banco Bilbao, Banco Central, Banco Espanol, etc.

DEUTSCHE BANK AG LONDON BRANCH

Commencing on 25th January 1982 Deutsche Bank AG, London Branch, will maintain a market in a selection of high quality floating rate notes.

BASE LENDING RATES

Table with columns: Bank Name, Rate. Lists lending rates for various banks like A.R.N. Bank, Allied Irish Bank, American Express Bk, etc.

Public Works Loan Board rates

Table with columns: Years, Effective January 23. Lists interest rates for public works loans for different terms.

LOCAL AUTHORITY BOND TABLE

Table with columns: Authority, Annual Interest, Life. Lists interest rates for local authority bonds.

Barclays Bank Interest Rates. BASE RATE Barclays Bank Limited and Barclays Bank International Limited announce that with effect from 25th January, 1982, their Base Rate is decreased from 14 1/2% to 14% per annum.

U.S. \$75,000,000 Midland International Financial Services B.V. Guaranteed Floating Rate Notes 1994.

U.S. \$125,000,000 Midland International Financial Services B.V. Guaranteed Floating Rate Notes 1993.

ANZ BANK The National Bank of Australasia Limited. Bearer Deposit Receipts. Overseas investments will be carried out by the issuing banks free of all their charges including Australian Stamp Duty and any proceeds not claimed.

Bank of Tokyo (Curaçao) Holding N.V. US \$50,000,000 Guaranteed Floating Rate Notes due 1997.

Bank of Tokyo (Curaçao) Holding N.V. US \$50,000,000 Guaranteed Floating Rate Notes due 1997.

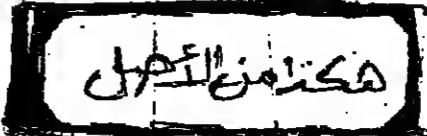
KANSALLIS-OSAKE-PANKKI U.S.\$30,000,000 Floating Rate Capital Notes 1983.

BANCO DE LA NACION ARGENTINA U.S.\$30,000,000 Floating Rate Notes 1983.

THE KYOWA BANK, LIMITED Negotiable Floating Rate U.S. Dollar Certificates of Deposit.

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CREDITS

Argentine deal raises more than expected

THE \$400m. eight-year credit for Argentina's state-owned oil concern YPF will probably be...

divided into three complex packages for actual sale in the same credit offer lower terms...

for its current \$400m credit, although other tranches in the same credit offer lower terms...

Peter Montagnon

INTERNATIONAL BONDS

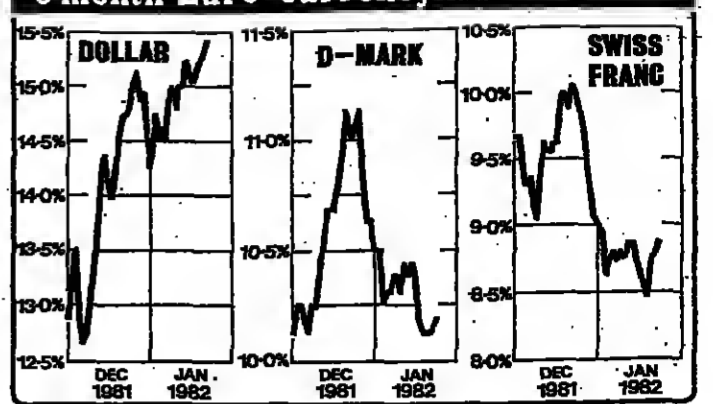
U.S. oblivious to Europe's desires

IN THE Eurobond market eyes are shifting from one side of the Atlantic to the other...

(nominal value) of zero coupon bonds, floating rate notes, and fixed-rate bonds...

large amount of the paper had been effectively pre-placed there by the time it was launched...

6 month Euro currency interest rates



eight-year bonds at 14 1/2 per cent. Swedish borrower's DM 50m private placement through Bayerische Landesbank appears to have suffered greatly from a coupon which was, at the time, simply too low...

Alan Friedman

PETROBONDS

Mexico fights to hold confidence

MEXICO is fighting a rearguard action to maintain confidence in the market for petrobonds...

creating a wide discrepancy between the reference price for the bonds and the actual level of oil revenues...

William Chislett

CURRENT INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount m., Maturity, Av. life years, Coupon %, Price, Lead manager, Offer yield %.

WMC Finance Limited advertisement for U.S. \$50,000,000 15 1/2 per cent. Guaranteed Notes due 1988, listing various banks and financial institutions.

C. A. La Electricidad de Caracas advertisement for \$50,000,000 medium-term loan, listing various banks and financial institutions.

TECHNOLOGY

EDITED BY ALAN CANE

Computer power costs fall

LOUISE KEHOE in California, in the first of two articles, reports on the dramatic price and performance changes in new microcomputers.

THE COST of computer power is taking a nosedive with the announcement in the U.S. of personal computer systems by two of the major manufacturers in this field. This week, Tandy Corporation unveiled its entrant in the small business computer market — a 16-bit microprocessor based system with immense data storage capacity that will sell in the U.S. for less than \$5,000.

Tandy's announcement came hot on the heels of Commodore International's introduction of a \$695 8-bit system that is the most powerful available at the price. Tandy has become the first of the "personal computer" manufacturers to offer a 16-bit microprocessor based system.

Simultaneously This beats its closest rival, Apple Computer, to the post.

Built around the Motorola 6800 chip, the TRS 80 model 16 is geared to office applications and can handle up to three users simultaneously. Its 16-bit central processor unit makes it much faster than 8-bit machines such as the Apple II, Commodore Pet, or Tandy's TRS 80 model II. The 16-bit micro also enables the system to handle bigger, more complex computing tasks.

Performance In terms of performance capability, the model 16 outclasses anything that Apple or Commodore have to offer. It is difficult to make price comparisons because capabilities differ, but a basic configuration of the Apple II costs about \$3,750, while the IBM personal computer is priced at \$4,950 basic. But prices are deceptive. The

computer is only one element of a system that for most business applications would include a printer, additional data storage devices and communications facilities.

At \$4,999 in basic configuration, the Tandy computer comes with 128k bytes of internal memory and an eight-inch disk drive with 1.25 megabit capacity. Internal memory can, however, be expanded up to 512k and additional disk drives or a hard disk storage unit can be added. The company also announced a \$899 "dumb terminal"—an extension unit with a screen and keyboard that can be plugged into the model 16 to allow second and third users to take advantage of its computing power.

Applications

With the model 16, Tandy will enter the small business computer market and compete with giants such as IBM.

It will also join several recent entrants such as Fortune Systems, Convergent Technology (whose machines are being sold by NCR, Burroughs and others) and Altos Computers who have launched "super micros" into the office computer field. As with any new computer

Louise Kehoe wrote this article using an Apple micro-computer, and transmitted it to the FT in London via a modem and software which enables the micro-computer to link into the paper's telex system.

system, the model 16 lacks ready made applications programs. But Tandy has gone a long way towards solving the problem by incorporating an extra microprocessor—the Z80—which can be used to process programs that were originally designed for use on its top selling model 11.

Capabilities

Tandy says that later this year it will publish software designed specifically for the model 16. The company is also



A salesman demonstrates a Tandy personal computer at the company's shop in Seaport Lane, London.

offering an upgrade kit to owners of its model 11. By plugging in a new circuit board carrying the 68000 microprocessor, Model 11 owners will have the full capabilities of the Model 16.

Jean Yates, an industry analyst at Gnostic Concepts, Menlo Park, California, says: "Adding compatibility with the Model 11 will give Tandy a

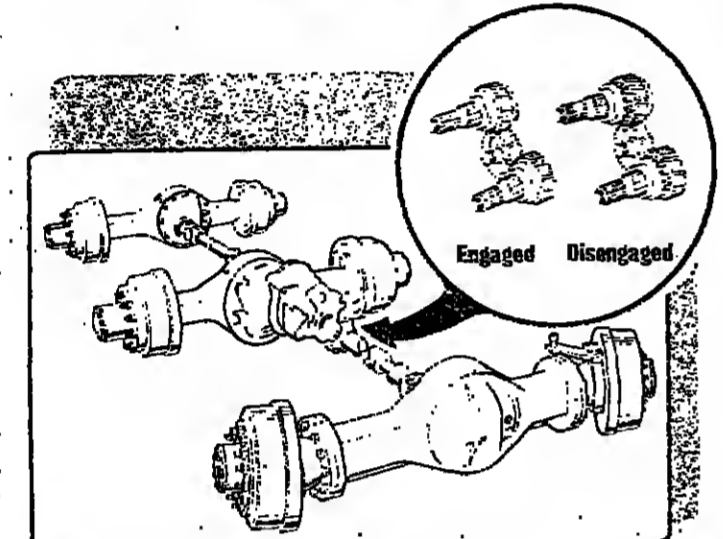
short term advantage, but the most significant point is that Tandy got there first with the 68000 based system."

While Apple is also believed to be developing a 68000-based system, the company will make no comment on when it might be introduced. Jean Yates predicts that Apple will lose market share to IBM and Tandy in the next 12 months—primarily

because of their lack of a new product.

Currently, according to Gnostic Concepts figures, Tandy leads the personal computer market with an installed base worth \$385m (June 1981). Apple is in second place with \$290m and Commodore is third with \$140m. But IBM could take second place by the middle of 1983, Yates predicts.

Eaton announces power divider all-wheel-drive system



Eaton's new power divider and front steer/drive axle, designated the AWD eliminates the traditional transfer gearbox and offers an increase in payload.

AN all-wheel-drive system for medium and heavy duty vehicles, claimed as compact and relatively lightweight, has been designed by Eaton's axle division in the U.S.

Eaton says that using a newly designed power divider and front steer/drive axle, the AWD eliminates the traditional transfer gearbox, thus allowing a significant increase in payload. The 6 x 6 version directs 75 per cent of the available driving torque to the load-bearing tandem.

Modified

The AWD package is acceptable to a number of standard Eaton axle models because it is built around the usual two gear power dividers in the company's tandems.

In the AWD the power divider has been modified to accept a helical transfer gear.

This is in constant mesh with the pinion helical gear and floats on a straddle mounted output shaft.

A sliding clutch splined to the output shaft is moved in and out of engagement with the transfer gear by a driver-controlled air valve. The clutch locks the transfer gear to the output shaft, directing power to the steer/drive axle driveline.

In tandem axles this air shift system also engages the inter-axle differential lockout simultaneously. This ensures optimum power distribution in poor traction conditions.

Assuming equal or near equal traction for all wheels, the system distributes 25 per cent of the power to the front and 75 per cent to the rear wheels. This compares with the usual 50-50 distribution in transfer gearbox drivetrains.

Eaton claims that because additional shift levers are not

needed, installation is simpler and maintenance easier.

The company is offering steer/drive axles in 16,000 and 18,000 lb capacities, and single axles for use in four wheel drive chassis from 18,500 to 35,000 lb. Tandem axles for six wheel drive chassis are available from 35,000 to 65,000 lb capacities.

A choice of single reduction, dual range or planetary double reduction gearing is available on most models.

Eaton Truck Components is at Staines Road, Hounslow, Middx (01-572 7313).

MAX COMMANDER

Lithium battery

A LITHIUM battery for memory preservation applications, developed for the C MOS RAM market, has been developed by Saft (UK). Designated the Data-guard range, it is available in three versions — 500mAh, 1,600 and 3,600mAh.

Saft says that the range has a shelf life of more than ten years. The batteries are chemically inert, non-toxic and available with terminations suitable for PCB mounting. Saft is on 01-979 7755.

Door latch

EMDATA has developed a compact unit which, installed on or near a hotel room door and used in conjunction with an electric latch, enables EMI's highly secure Watermark magnetic card to be used for room access in place of the conventional key.

About the size of a pack of cigarettes, the unit contains its own microprocessor and needs no external data processing facilities. A high level of security is claimed for the Watermark magnetic stripe, in which a confidential ten-digit identity number is permanently encoded by a patented process during manufacture.

It is claimed that the coding cannot be erased or altered in any way without destroying the card, and it is read with a specially designed magnetic head. But conventional, erasable data can be overwritten if necessary.

The unit designated 1004 SDU, is arranged as a "letter box" allowing the card to be inserted at speeds between 50 and 1,000 um/sec. The identity number seen by the reader is compared with the internally held digits and if they match, a "bleep" is emitted and the latch operated. Emdata Systems is on 07535 53111.



Twin booms materials handler by Teleshift

TELESHIFT, a twin boom materials handler based on a 62 hp steering tractor skid unit capable of lifting a 30 cwt load to 16 feet, has been introduced for farmers by RWC Development Ltd, Herefordshire.

Pallet forks are standard but buckets, grabs and forks can be fitted quickly by a single locking lever or by remote control. From the back of the tractor, the load can be lowered to the ground or raised to 16 feet. Details from RWC Development Ltd, Herefordshire, 0532 2502.

THE MALAWIAN BANK WITH INTERNATIONAL EXPERTISE. HEAD OFFICE: P. O. BOX 1111 BLANTYRE TEL. 633-144 TELEX. 4110. LOOK FOR THE BAOBAB SIGN. COMMERCIAL BANK OF MALAWI LTD. (Registered Commercial Bank). Affiliated with BANK OF AMERICA.

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WORLD STOCK MARKETS

Handwritten notes and signatures in the top right corner.

Table of stock prices for various companies, including columns for stock name, price, and change.

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Table of stock prices for various companies, including columns for stock name, price, and change.

Table of stock indices including Dow Jones, Standard and Poors, and other regional indices.

Table of stock prices for various companies, including columns for stock name, price, and change.

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Footnote and disclaimer text at the bottom of the page.

Companies and Markets

CURRENCIES, MONEY and GOLD RECENT ISSUES

MONEY MARKETS

To encourage the others

EUROPE IGNORED the upward trend in U.S. interest rates last week. In a defiant act of independence rates were cut in London, Frankfurt, Paris and Amsterdam.

at around 9 1/2 per cent, although still well down on the week. Paris call money fell to 15 per cent from 15 1/2 per cent in the same period.

Heavy tax payments and maturities of the large stock of bills held by the Bank of England, continued to keep the London money market very short of funds, but the authorities gave plenty of help and encouragement by cutting its market dealing rates each day.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly change in world interest rates for London, New York, Brussels, and Amsterdam. Columns include instrument type, rate, and change.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing Bank of England Treasury Bill tender details for Jan 22 and Jan 15, including total applications and accepted amounts.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for 5 months and 6 months U.S. dollars.

LONDON MONEY RATES

Table showing London Money Rates for various instruments like overnight, 3 days, and 1 month rates.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Table showing Euro-currency interest rates for various currencies and terms.

CURRENCIES AND GOLD

Dollar softens

The dollar weakened slightly against European currencies last week despite the trends in interest rates, which kept U.S. rates firm but led to reductions in London and several central banks.

rising Eurodollar rates on the back of the very bad money supply figures. Sterling touched a peak of \$1,900 on Tuesday, boosted by the initial indications that the National Union of Mineworkers would not vote for strike action.

THE POUND SPOT AND FORWARD

Table showing Pound Spot and Forward rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table showing Dollar Spot and Forward rates for various currencies.

GOLD

Table showing Gold prices for various currencies and terms.

FORWARD RATES AGAINST STERLING

Table showing Forward Rates Against Sterling for various currencies.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various currencies.

OTHER CURRENCIES

Table showing Other Currencies rates for various countries like Argentina, Australia, Brazil, etc.

CURRENCY MOVEMENTS

Table showing Currency Movements for various currencies.

CURRENCY RATES

Table showing Currency Rates for various currencies.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

EQUITIES

Table showing Equities market data including stock prices and changes.

FIXED INTEREST STOCKS

Table showing Fixed Interest Stocks market data.

"RIGHTS" OFFERS

Table showing Rights Offers for various companies.

THE TRING HALL USM INDEX

116.1 (+0.6) close of business 22/1/82

CORAL INDEX

Close 563.567 (+7)

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Large table listing Offshore & Overseas Funds with details on fund names, managers, and performance.

Large table listing various financial services, companies, and their contact information.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Vertical text on the left side of the page, likely containing contact information or a list of authorized unit trusts.

Main table containing financial data for various unit trusts, including columns for fund names, values, and other metrics.

INSURANCE PROPERTY BONDS

Table listing insurance and property bond information, including company names and associated values.

Bryant Properties
FOR QUALITY DEVELOPMENT
IN THE SOUTH AND MIDLANDS
021-704-5111

BRITISH FUNDS

Intest	Stock	Price	Last	% Chg	Yield
16S	Treasury 14% 1982	99.14	108.18	11.10	14.29
15D	Treasury 12% 1982	97.77	105.26	10.83	13.97
12M	Treasury 13% 1982	97.77	105.26	10.83	13.97

"Shorts" (Lives up to Five Years)

16S	Treasury 14% 1982	99.14	108.18	11.10	14.29
15D	Treasury 12% 1982	97.77	105.26	10.83	13.97

Five to Fifteen Years

1N	15% Funding 1982-87	75.00	23.85	15.45	13.28
14A	Treasury 14% 1982	99.14	108.18	11.10	14.29

LOANS

Intest	Stock	Price	Last	% Chg	Yield
16S	Public Board and Ind.	100.00	100.00	0.00	0.00
15D	Public Board and Ind.	100.00	100.00	0.00	0.00

BANKS AND HIRE PURCHASE

Intest	Stock	Price	Last	% Chg	Yield
16S	Bank of England	100.00	100.00	0.00	0.00

CHEMICALS, PLASTICS—Cont.

Intest	Stock	Price	Last	% Chg	Yield
16S	Bayer AG	100.00	100.00	0.00	0.00

ENGINEERING MACHINE TOOLS

Intest	Stock	Price	Last	% Chg	Yield
16S	BAE Systems	100.00	100.00	0.00	0.00

FOOD, GROCERIES—Cont.

Intest	Stock	Price	Last	% Chg	Yield
16S	Unilever	100.00	100.00	0.00	0.00

Over Fifteen Years

22A	Treasury 13% 1982	97.77	105.26	10.83	13.97
22B	Treasury 13% 1982	97.77	105.26	10.83	13.97

Building Societies

Intest	Stock	Price	Last	% Chg	Yield
16S	Building Societies	100.00	100.00	0.00	0.00

FOREIGN BONDS & RAILS

Intest	Stock	Price	Last	% Chg	Yield
16S	Foreign Bonds	100.00	100.00	0.00	0.00

DRAPERY AND STORES

Intest	Stock	Price	Last	% Chg	Yield
16S	Drapery and Stores	100.00	100.00	0.00	0.00

HOTELS AND CATERERS

Intest	Stock	Price	Last	% Chg	Yield
16S	Hotels and Caterers	100.00	100.00	0.00	0.00

INDUSTRIALS (Miscel.)

Intest	Stock	Price	Last	% Chg	Yield
16S	Industrial (Miscel.)	100.00	100.00	0.00	0.00

AMERICANS

Intest	Stock	Price	Last	% Chg	Yield
16S	American Stocks	100.00	100.00	0.00	0.00

BEERS, WINES AND SPIRITS

Intest	Stock	Price	Last	% Chg	Yield
16S	Beers, Wines and Spirits	100.00	100.00	0.00	0.00

HIRING PURCHASE, etc.

Intest	Stock	Price	Last	% Chg	Yield
16S	Hiring Purchase	100.00	100.00	0.00	0.00

BUILDING INDUSTRY, TIMBER AND ROADS

Intest	Stock	Price	Last	% Chg	Yield
16S	Building Industry	100.00	100.00	0.00	0.00

ELECTRICALS

Intest	Stock	Price	Last	% Chg	Yield
16S	Electricals	100.00	100.00	0.00	0.00

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Intest	Stock	Price	Last	% Chg	Yield
16S	Govt. Sterling Issues	100.00	100.00	0.00	0.00

CANADIANS

Intest	Stock	Price	Last	% Chg	Yield
16S	Canadian Stocks	100.00	100.00	0.00	0.00

COMMONWEALTH AND AFRICAN LOANS

Intest	Stock	Price	Last	% Chg	Yield
16S	Commonwealth and African Loans	100.00	100.00	0.00	0.00

CHEMICALS, PLASTICS

Intest	Stock	Price	Last	% Chg	Yield
16S	Chemicals, Plastics	100.00	100.00	0.00	0.00

FOOD, GROCERIES, ETC.

Intest	Stock	Price	Last	% Chg	Yield
16S	Food, Groceries, etc.	100.00	100.00	0.00	0.00

INDUSTRIALS (Miscel.)

Intest	Stock	Price	Last	% Chg	Yield
16S	Industrial (Miscel.)	100.00	100.00	0.00	0.00

A FINANCIAL TIMES SURVEY

PENSION FUND INVESTMENT:

RECENT INVESTMENT

FEBRUARY 17 1982

The Financial Times is planning to publish a survey on Pension Fund Investment in its issue of Wednesday 17th February 1982. The provisional editorial synopsis is set out below.

Introduction 1981 was a year in which the investment horizons of pension funds broadened considerably. Not only did they invest up to 25 per cent of their new money overseas, but at home index-linked government stocks became available to them for the first time, and a wide range of new vehicles for investment in commodities, metals, currencies and financial instruments spread before them.

This intensified the pressures for professional investment strategies and monitoring procedures: careful conservation of cashflows squeezed unemployment; accurate assumptions of investment rates of return, and close scrutiny of management performance.

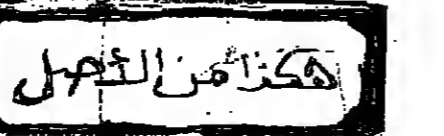
Editorial coverage will also include:

Assets and Flow of Funds	Investment Philosophies
Internationalism	Future assumptions
Specialist Vehicles	Political Pressures
Property	Statutory and Self-Regulation
Investment Management	

Copy date: 3rd February 1982

For further information and advertising rates please contact:
David Reed
Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY
Tel: 01-248 8000 Ex. 3461 Telex: 885033 FINTIM G

The size, contents and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock name, price, and change.

LEISURE

Table of leisure stocks including companies like Rank Group, British Skyways, and British Telecom.

PROPERTY—Continued

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, British Venture Income, and British Venture Growth.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI.

NIKKO THE NIKKO SECURITIES CO. LTD. The Nikko Securities Co. (Europe) Ltd. Royex House, Aldermanbury Square, London, EC2V 7LJ, England. Tel.: 606-7171 Telex: 884717

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal.

OVERSEAS TRADERS

Table of overseas traders including companies like Anglo Siam, Anglo Siam, and Anglo Siam.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Guthrie & Co., Guthrie & Co., and Guthrie & Co.

TEAS

Table of tea stocks including companies like Anglo Tea, Anglo Tea, and Anglo Tea.

MINES

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal.

REGIONAL MARKETS

Table of regional market data including indices for various regions like Africa, Asia, and Europe.

INSURANCE

Table of insurance stocks including companies like British Insurance, British Insurance, and British Insurance.

PAPER PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Paper, British Paper, and British Paper.

PROPERTY

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow.

OIL AND GAS

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo De Beers, Anglo De Beers, and Anglo De Beers.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

